Report

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Strategic Housing Market Assessment

Final Report

Gravesham Borough Council

June 2016

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1. Introduction

1.1 The purpose of this Strategic Housing Market Assessment (SHMA) is to understand Gravesham Council's recent, current and future housing market and how this relates to the Borough's housing growth and needs. The SHMA will identify levels of housing demand and produce estimates of households in affordable housing need, including the requirements of specific needs groups. It will inform understanding of Gravesham's local housing market in the short and longer term.

1.2 The findings of the research will be used to inform future work on the Gravesham Local Plan. The Local Plan Core Strategy was found sound by the inspector provided that a number of main modifications are undertaken. Specifically here, modification reference MM15 included the requirement for a new SHMA to be undertaken in line with national policy. Gravesham Borough Council adopted the Local Plan Core Strategy and Policies Map on the 30th September 2014 with the required modifications, and it now forms part of the Borough's Development Plan.

1.3 The findings of the SHMA will also inform the development of policies for long-term delivery of housing within the Borough, as well as informing negotiations on planning applications.

1.4 Kent and the wider South East of England area provide the context for Gravesham. The Borough has strong links with London, together with regional connections through the motorway and rail network. The borough has stronger relationships with neighbours to the west. These factors influence business location, labour market and housing markets. There has been progress on targeted regeneration schemes, and Gravesham benefits from relationships to the wider regional economy. There has been marked growth in residential values in the last year.

1.5 Despite its dynamic economic context, Gravesham has experienced greater economic challenges than some neighbouring areas, and values across a range of market sectors trend lower than nearby areas. In retail terms, Gravesham's location on the Thames Estuary means that it has some characteristics of a coastal community, with something of a 180 degree catchment creating more challenges than faced by other centres. Economic restructuring away from traditional manufacturing and distribution industries has had a long-term impact. The post 2008 recession had a marked impact throughout the regional area, albeit with the price dip experienced in Gravesham less pronounced than for comparable areas. Despite this, local values have seen a slow progression towards the return of pre-recession values. Socio-economic characteristics do display some concentrations of deprivation.

Background

1.6 The SHMA provides a fit for purpose evidence base to help develop housing and planning policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand

SHMA Requirements: The National Planning Policy Framework (2012), Planning Practice Guidance (2014) and CLG SHMA Guidance (2007)

1.7 The publication of the National Planning Policy Framework (NPPF) in March 2012 forms an important consideration for this SHMA research. This was augmented with the publication of draft Planning Practice Guidance in August 2013, finalised in March 2014, and which is periodically updated.

1.8 At the heart of the NPPF is the presumption in favour of sustainable development. In paragraph 14 this states that "*local planning authorities should positively seek opportunities to meet the development needs of their area*". However, this should not be the case if "*any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or specific policies in this Framework indicate development should be restricted*". This may include, "*For example, those policies relating to sites protected under the Birds and Habitats Directives and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, Heritage Coast or within a National Park (or the Broads Authority); designated heritage assets; and locations at risk of flooding or coastal erosion*" (Footnote 9).

1.9 Core planning principles are set out within the NPPF. One of these in particular is important concerning this evidence base document. This states that planning should:

> "*Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities*" (Paragraph 17, bullet point 3).

1.10 Paragraph 159 of the NPPF requires local planning authorities to "*have a clear understanding of housing requirements in their area*". They should "*prepare a Strategic Housing Market Assessment to assess their full housing requirements, working with neighbouring authorities*

where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:

- *Meets household and population projections, taking account of migration and demographic change;*
- *Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and*
- *Caters for housing demand and the scale of housing supply necessary to meet this demand*"

1.11 As set out on the Planning Practice Guidance website[1]; "*On 6 March 2014 the Department for Communities and Local Government (DCLG) launched this planning practice guidance web-based resource*", which is "*intended to assist practitioners*". This guidance will be updated as and when required, and includes specific guidance for undertaking the assessment of housing and economic development needs (ID: 2a)[2].

1.12 According to the Guidance (Paragraph: 002 Reference ID: 2a-002-20140306); "*The primary objective of identifying need is to: identify the future quantity of housing needed, including a breakdown by type, tenure and size….*" The definition of need in the guidance (Paragraph: 003 Reference ID 2a-003-20140306) is explained as follows:

- "*Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand;*
- *Need for all land uses should address both the total number of homes based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment; and*
- *Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could reasonably be expected to occur*".

1.13 The Guidance also states that "*Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under-performance, infrastructure or environmental constraints. However, these*

[1] http://planningguidance.planningportal.gov.uk/about/
[2] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans" (Paragraph 004 Reference ID: 2a-004-20140306).

"*Local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area in line with the duty to cooperate. This is because such needs are rarely constrained precisely by local authority administrative boundaries*" (Paragraph 007 Reference ID: 2a-007-20150320).

1.14 The Guidance describes a housing market area as "*a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap. The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries*" (Paragraph: 010 Reference ID: 2a-010-20140306). The HMA should be defined using house prices, rates of change in house prices, household migration and search patterns and contextual data e.g. travel to work area boundaries, retail and school catchment areas (Paragraph: 011 Reference ID: 2a-011-20140306)

1.15 In Paragraph: 014 Reference ID: 2a-014-20140306 plan makers are advised to "*avoid expending significant resources on primary research as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data to inform their assessment which are identified within the Guidance*".

1.16 The Guidance requires plan makers to use household projections published by the Department for Communities and Local Government as "*the starting point estimate of overall housing need*". Although these "*may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing*" (Paragraph: 015 Reference ID: 2a-015-20140306).

1.17 The projections may also take account of "*migration levels that may be affected by changes in employment growth or a one off event such as a large employer moving in or out of an area, or a large housing development such as an urban extension in the last five years*", and "*demographic structure that may be affected by local circumstances or policies e.g. expansion in education or facilities for older people*" (Paragraph: 017 Reference ID: 2a-017-20140306).

1.18 Market signals should also be taken into account (Paragraph: 019 Reference ID: 2a-019-20140306):

- Land Prices;

- House Prices;
- Rents;
- Affordability;
- Rate of Development; and
- Overcrowding.

1.19 Paragraph: 021 Reference ID: 2a-021-20150326 indicates that "*Once an overall housing demand figure has been identified, local authorities are required to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:*

- *The proportion of the population of different age profiles;*
- *The types of household (e.g. singles, couples, families by age group, numbers of children and dependents);*
- *The current housing stock size of dwellings (e.g. one, two+ bedrooms); and*
- *The tenure composition of housing*".

"*When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile e.g. increasing the number of working age people. Plan makers should look at the household types, tenure and size in the current stock and in recent supply, and assess whether continuation of these trends would meet future needs*". They should also seek to quantify the needs of the following groups (Paragraph: 021 Reference ID: 2a-021-20150326):

- The private rented sector;
- People wishing to build their own homes;
- Family housing;
- Housing for older people; and
- Households with specific needs.

1.20 The calculation of affordable housing need "*involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock*", fully according with Paragraph: 022 Reference ID: 2a-022-20140306.

1.21 As Paragraph: 029 Reference ID: 2a-029-20140306 sets out; "*The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow. The total affordable housing need should then be considered in the context of its likely*

delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes".

1.22 Prior to the publication of the Planning Practice Guidance The CLG published SHMA guidance 'Strategic Housing Market Assessments – Practice Guidance' in August 2007 (hereafter 'the SHMA Guidance'), which "*sets out a framework that local authorities and regional bodies can follow to develop a good understanding of how housing markets operate*". Although the Planning Practice Guidance now provides the most up-to-date guidance for undertaking research of this kind, the framework and approach set out in the SHMA Guidance remain useful and relevant.

1.23 The SHMA Guidance recognises that "*housing markets are dynamic and complex*" and as a result SHMAs "*will not provide definitive estimates of household need, demand and market conditions*". SHMAs can however, "*provide valuable insights into how housing markets operate both now and in the future. They should provide a fit for purpose basis upon which to develop planning and housing policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand*".

1.24 The approach taken within this SHMA follows the NPPF and latest Planning Practice Guidance, in combination with the SHMA Guidance. This SHMA addresses each of the core outputs as set out in Table 1 below, with an additional column outlining within which section of the report the core output is addressed. Section 10 of this Report provides a conclusion to the analysis by bringing together each of these core outputs.

Table 1 - Compliance with CLG Guidance Core Outputs

SHMA Guidance – Core Outputs Table 2.1	Report section in which key outputs are presented and analysed
Output 1 - Estimates of current dwellings in terms of size, type, condition, tenure	Section 3
Output 2 - Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market	Section 3
Output 3 - Estimate of total future number of households, broken down by age and type where possible	Sections 3 & 6
Output 4 - Estimate of current number of households in housing need	Section 5
Output 5 - Estimate of future households that will require affordable housing	Section 6
Output 6 - Estimate of future households requiring market housing	Section 9
Output 7 - Estimate of the size of affordable housing required	Section 6
Output 8 - Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc…	Section 8

Source: CLG SHMA Guidance (2007) & BGVA (2014)

1.25 This research has utilised a range of methodological approaches drawing upon new and updated secondary data to develop a robust understanding of the operation of the housing market area, including data emerging from the 2011 census. This approach aligns with the SHMA Guidance, which advises that the SHMA research can draw from a range of primary and/or secondary data sources:

"Whether a strategic housing market assessment is based upon secondary or survey data should not be a factor in determining whether an assessment is robust and credible. No one methodological approach or use of a particular dataset(s) will result in a definitive assessment of housing need and demand. The quality of the data used is the important consideration in determining whether an assessment is robust and credible rather than its nature" (CLG Strategic Housing Market Assessments Practice Guidance – Version 2, 2007, paragraph 11).

1.26 In terms of primary research, a Housing Needs Survey has been undertaken. Conducted by telephone and face to face interviewing, it involved the participation of 500 Gravesham residents, with interviews distributed proportionally across the 18 Gravesham wards, using a weighted sampling approach in order to replicate the demographic profile of the authority area.

1.27 The Housing Needs Survey provides valuable qualitative, up-to-date data to support the quantitative data analysed within the Report. A separate analysis report; '2015 Gravesham Housing Needs Survey: Analysis Report' is included in Appendix 3 of this report. However, to make the best use of this analysis, the qualitative survey analysis is also incorporated throughout this Report, where it substantiates or relates to particular quantitative analysis.

1.28 Where data is available from a number of sources (primary and secondary), a process of triangulation has been adopted. The purpose of triangulation in research is to increase the credibility and validity of the results. Triangulation is a technique that facilitates validation of data through cross verification from more than two sources. In particular, it refers to the application and combination of several research methodologies in the study of the same topic.

1.29 Throughout the assessment the application of this technique has involved comparing, contrasting and, where relevant, aligning information from a variety of sources to ensure, based on the professional judgement of the research team, and in discussion with Gravesham Borough Council, that the most up-to-date and locally reflective information has been utilised. This serves to further ensure that the findings of the SHMA are robust and credible.

1.30 This SHMA identifies the market and affordable housing requirements for Gravesham. The wider Housing Market Area which Gravesham operates within is reviewed as an initial step in the process. This helps in understanding the context within which Gravesham's housing market operates within and allows comparisons between Gravesham and other relevant nearby authorities.

Report Structure

1.31 This report is structured around the following sections. These largely align with the steps set out in the CLG Guidance to assist in extracting key information from the report:

- **Section 2: Defining The Housing Market Area** – This section identifies the wider housing market within which Gravesham sits. The section includes a review of the latest migration and travel to work trends, house price data and other market signals in order to identify these areas;
- **Section 3: Baseline Analysis** – This section brings together the key findings from the housing, demographic and economic data analysis from the North Kent Strategic Housing and Economic Needs Assessment (SHENA) Baseline report, which informs this SHMA. The most relevant information for this Report's analysis is summarised, including analysis of Gravesham's current housing stock, demographic trends, economic trends and housing trends. Full data analysis and commentary is available from the Baseline

Report itself. This Section also introduces some new analysis, such as further analysis of land registry data, private rental values and social housing waiting lists.

- **Section 4: Access to Housing** – This Section sets out an understanding of the financial requirements for accessing housing in the authority area, specifically considering mortgage finance and household income levels. It benchmarks access to different housing tenures in the authority area based on these financial requirements, set at different affordability thresholds;
- **Section 5: Objectively Assessed Housing Requirement** – This section considers the most up-to-date available statistics such as the Office for National Statistics Population Projections and Mid-Year Estimates together with the Department for Communities and Local Government's Household Projections, in order to identify the Objectively Assessed Need for future housing in Gravesham in the context of the wider housing market area;
- **Section 6: Meeting the Affordable Need of Households** – A calculation of the short and long-term level of housing need for affordable housing is undertaken following the stepped process set out in the CLG Guidance. The section concludes with an estimation of the breakdown by size of the affordable housing identified as being required over projection period, reflecting on patterns within housing register data;
- **Section 7: The Role of Affordable Housing in Meeting Need** – This Section explores intermediate, affordable rent and social rent tenures and their accessibility to Gravesham households at different affordability thresholds. Size specific affordable requirements and the impact of Welfare Reforms on accessing housing are also considered;
- **Section 8: Housing Requirement for Specific Groups** – This section draws upon the quantitative outputs of the modelling processes presented in the previous sections, to assess future demand of a number of specific demographic household classifications including, student, BME, older person and disability households; and
- **Section 9: Conclusions**– This section draws a number of conclusions from the data presented in this SHMA report, with specific reference to the CLG SHMA guidance Core Outputs (see Table 1)

2. Defining the Housing Market Area

2.1 The urban area lies within the north of the borough and is formed of Gravesend and Northfleet. The south and east of the Borough are rural in character. Rural settlements include Meopham, Istead Rise, Shorne and Higham.

2.2 Local house price and income disparities are problematic for the authority area in relation to housing affordability, resulting in affordable housing need to be addressed. Price and stock characteristics for different parts of the authority area are also addressed.

2.3 As set out in the Planning Practice Guidance *(Paragraph: 010 Reference ID: 2a-010-20140306; "a housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap. The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries*". This definition recognises that interrelationships in the real world transcend local authority administrative boundaries and sometimes only cover parts of an administrative area.

2.4 However, the definition of a Housing Market Area relies on the use of robust, comparable and available data. The majority of this data is not available at a sub-authority level and it is therefore difficult to quantify sub-area trends. The approach to defining the Gravesham Housing Market Area (HMA) draws on published data is in line with guidance. However, this quantitative definition is set against the qualitative understanding of the area developed though our own research and consultation with residents and local stakeholders. This allows an understanding of the wider sphere of influence (which may reach beyond the defined HMA), and also sub-local authority relationships that occur within and across this defined area.

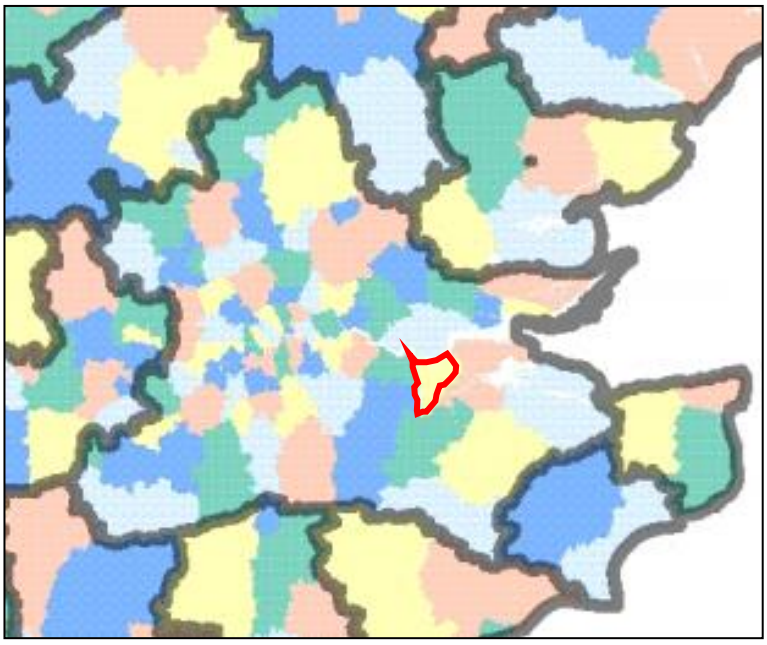
2.5 The Centre for Urban & Regional Development Studies (CURDS) has undertaken research into 'The Geography of Housing Market Areas in England', funded by the then National Housing and Planning Advisory Unit (NHPAU). The research produced a range of HMA related outputs. Mike Coombes and Colin Wymer's Stage 2 Report from CURDS (July 2010) on 'Alternatives for the Definitions of HMAs' bases the definition of HMAs "purely on analyses of commuting and/or migration patterns". The production of 'silver standard'[3] HMA geographies that aligns HMA boundaries as closely as possible to local authority boundaries is most relevant and useful in the definition of Gravesham's wider HMA, as a starting point for the definition in this Assessment.

[3] This silver standard definition provides the closest match to local authority boundary definitions, whereas the gold standard involves alterations to ward groupings.

2.6 Using the CURDS 'silver standard' version of Strategic HMAs, Gravesham (29UG) is defined within a very broad 'HMA' (13) which contains a total of 71 local authority areas, including all London Boroughs and Gravesham's neighbouring authorities. This is shown in Figure 1.

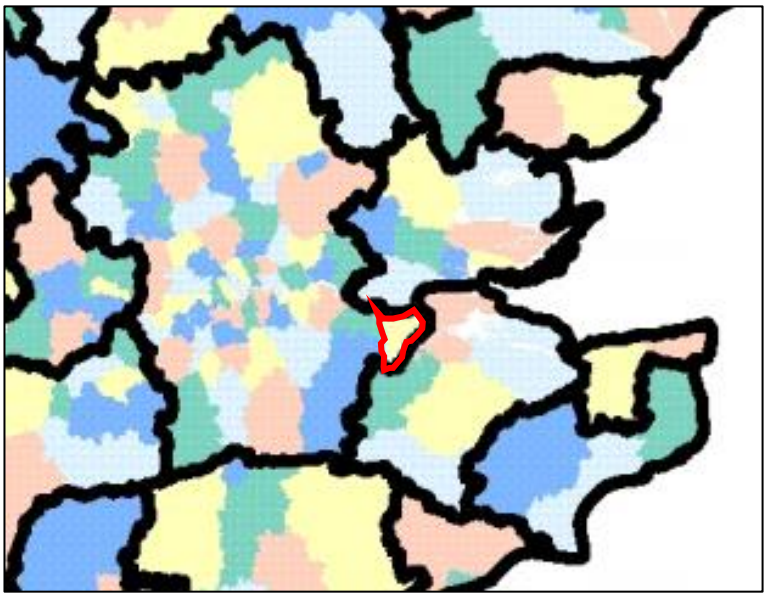
2.7 Using the CURDS data 'silver standard' single tier set of HMAs, Gravesham (29UG) is defined within a slightly tighter knit 'HMA' (58) which contains a total of 57 local authorities, including the majority of London Boroughs, Sevenoaks and Dartford, but excluding Gravesham's other neighbouring authorities; Tonbridge and Malling and Medway, and wider Kent authorities such as Swale and Tunbridge Wells. This is shown in Figure 2.

Figure 1 - CURDS Defined Silver Standard LA Strategic 'HMA' Including Gravesham



Source: http://www.ncl.ac.uk/curds/assets/documents/3.pdf

Figure 2 – CURDS Defined Silver Standard Single Tier set of HMAs including Gravesham



2.8 In planning terms this 'silver standard' area is unmanageable and as evidenced later in this report, includes local authority areas that have weak functional relationships with Gravesham. As such, the approach taken within this SHMA reflects best practice guidance in identifying the functional housing market areas. It draws on a range of data including;

- Travel to work patterns;
- Migration patterns (internal migration flows and origin and destination moves); and
- House price data.

2.9 In particular, the focus has been on the travel to work data and migration data from the Census (2011), housing market data (particularly house prices) from CLG/VOA, and demographic data from the Census (2011). The commuting patterns in the CURDS definition were based on the 2001 Census, so the travel to work patterns analysed here provide a more up to date indication of commuting flows. Considering the coverage of data being used, the wider housing market area is defined in alignment with local authority boundaries, as is the case in CURDS' silver standard definitions.

2.10 Whilst the CURDS data helps to set the wider context for Gravesham's HMA, it acts as a starting point for the definition of its HMA, which requires further interrogation. The use of wider and more up to date data than used by CURDS results in the definition of a narrower HMA, which includes Gravesham, Medway and Dartford. However, it is not a completely exclusive geography for understanding influences on Gravesham, as other authorities or parts of other authorities may also have some migration, commuting and/or house price relationships and influences with Gravesham, albeit these will be less significant.

2.11 The wider HMA identified incorporates those local authorities which have the strongest and most consistent migration and commuting relationships with Gravesham, as well as linkages in house prices and rates of change trends. This takes a combined consideration of the strongest relationships with Gravesham demonstrated in analysis of internal migration flows and origin and destination migration trends (including self-containment calculations), commuting patterns (including containment levels) and trends in house price increase and rates of change.

2.12 Each of these elements of analysis identifies the authorities which have the strongest links with Gravesham in that domain (i.e. migration, commuting and house prices). The wider HMA is defined by drawing together these three parts of analysis to identify the authorities which have a consistently strong relationship with Gravesham, and should therefore be included within Gravesham's HMA.

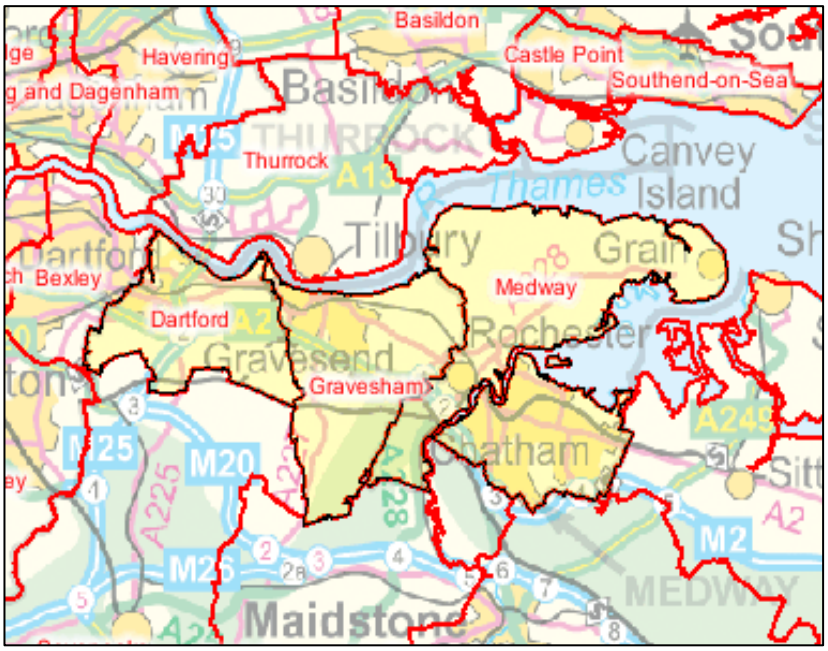
2.13 Gravesham's Housing Market Area (HMA) encompasses a wider area beyond the Borough itself, to include:

- Gravesham;
- Medway; and
- Dartford

2.14 Housing Market Areas are defined in relation to the context and the neighbouring influences acting on a housing market. Considering this, the HMA defined for Gravesham in this SHMA is not regarded as a definitive or exclusive HMA and is better understood as a grouping of the local authorities which have the strongest relationships with Gravesham. In other words, the HMA defined here is focussed on Gravesham. It is accepted that there are HMAs which are centred around the other HMA centres, which overlap with this HMA but may have different local authority inclusion.

2.15 Figure 3 shows the Wider HMA identified by this process.

Figure 3 - Identified Wider Housing Market Area



Source: Neighbourhood Statistics, 2015

Internal Migration Flows

2.16 This sub-section considers the internal migration moves into/out of Gravesham from/to all local authorities within England and Wales, based on ONS data for Internal Migration by Local Authorities in England and Wales – Year ending June 2014.

In-Migration (Gross)

2.17 Gravesham has a strong in-migration relationship with Dartford and Medway. In 2014, approximately 1,433 people moved into Gravesham from these authorities, equating to c. 28% of those moving to the authority area, as shown in Table 2.

2.18 The age-specific distribution of internal migration into Gravesham in 2014 is shown below in Table 2. This age-specific data is only available for aggregated moves, so does not show the age profile of moves into Gravesham from a specific authority. For total moves into Gravesham the highest proportion of moves occurred in the 15-29 and 30-44 age groups (c. 60%), which suggests a labour migration driver for these moves in the working age population.

2.19 However, this is very similar to the national age specific distribution for England and Wales, which has 40% of moves in the 15-29 age group and 25% of moves in the 30-44 age group. This suggests this is not a trend unique to Gravesham. The proportion of 20% of moves in the 0-14 age group is more distinct from the national trend, which has a proportion of 14% for this age group. This suggests that affordability could also be a driver for this higher proportional movement of families with children.

Table 2 - Total Flows into Gravesham (2014)

Area	Number of People	% of New Residents
Dartford	**903**	18%
Medway	**530**	10%
Bexley	365	7%
Sevenoaks	255	5%
Greenwich	251	5%
Bromley	156	3%
Lewisham	145	3%
Tonbridge and Malling	127	3%
Southwark	109	2%
Maidstone	100	2%

Source: ONS Internal Migration Data – Table IM2014-1a and IM2014-1b, 2014

Table 3 - Age-specific internal migration into Gravesham (2014)

	Number of People	%
0-14	1,020	20%
15-29	1,660	33%
30-44	1,350	27%
45-59	630	12%
60+	420	8%
Total	**5,080**	**100%**

Source: ONS Internal Migration Data – Table IM2014-T5, 2014

Out-Migration (Gross)

2.20 Gravesham also has strong outward migration flows to the Medway and Dartford authorities. In 2014, approximately 1,326 people moved out of Gravesham to these authorities, equating to c. 29% of outward moves from Gravesham, as shown in Table 4.

Table 4 - Total Flows out of Gravesham (2014)

Area	Number of People	% of Outward Moves
Medway	**794**	17%
Dartford	**532**	12%
Sevenoaks	193	4%
Tonbridge and Malling	162	4%
Maidstone	154	3%
Canterbury	143	3%
Swale	141	3%
Bexley	140	3%
Thanet	102	2%
Bromley	71	2%

Source: ONS Internal Migration Data – Table IM2014-1a and IM2014-1b, 2014

2.21 The age-specific distribution of internal out migration from Gravesham in 2014 is shown below in Table 5. This data is only available for aggregated moves, so does not show the age profile of moves out from Gravesham to a specific authority. The highest proportion of moves out of Gravesham occurred in the 15-29 age group (34%), followed by the 30-44 age group (23%). This suggests a labour migration driver for these moves in the working age population.

Table 5 - Age-specific internal migration out of Gravesham (2014)

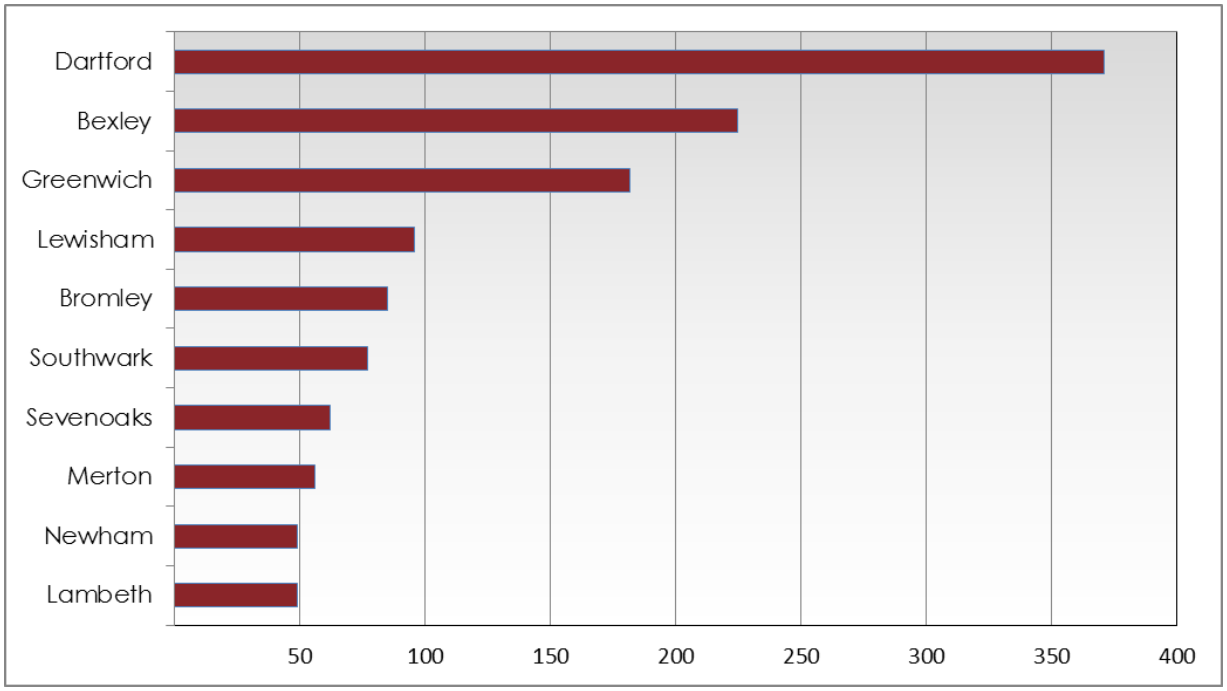
	Number of People	%
0-14	830	18%
15-29	1,580	34%
30-44	1,080	23%
45-59	620	13%
60+	500	11%
Total	**4,610**	**100%**

Source: ONS Internal Migration Data – Table IM2014-T5, 2014

Aggregate Migration

2.22 Aggregate migration considers the combined net gain and net loss for Gravesham. Figure 4 shows the authority areas that have resulted in the highest levels of net gain for Gravesham.

Figure 4 - Net Migration Gains (2014)

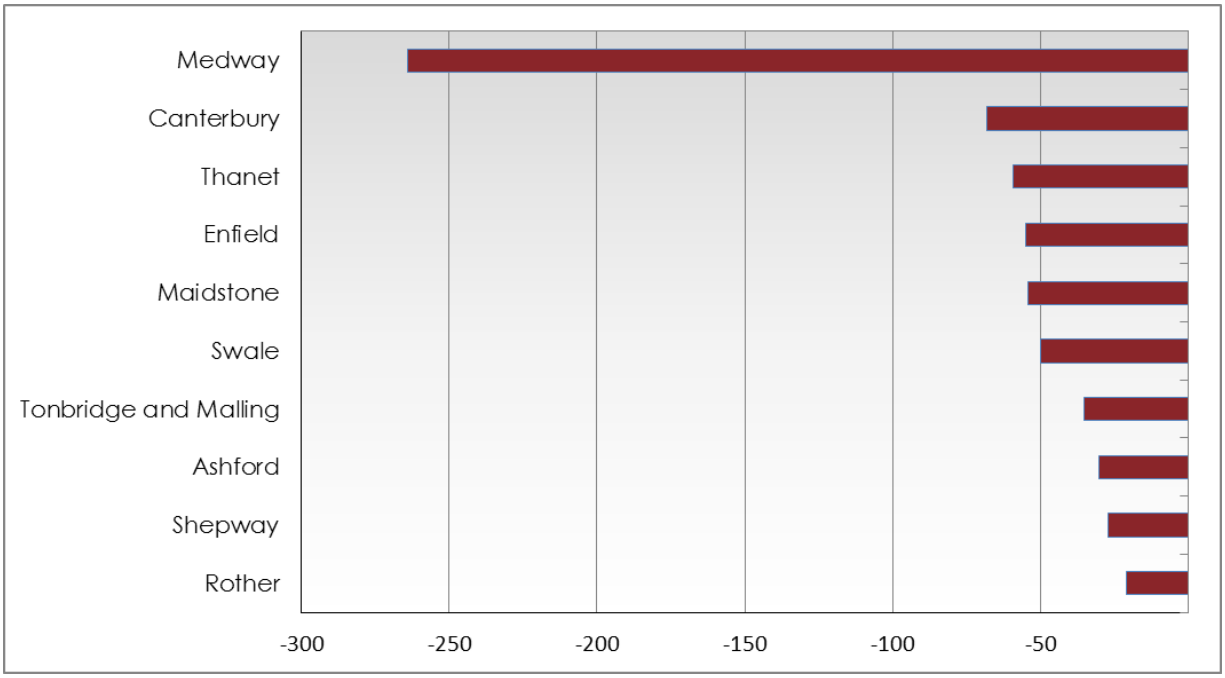


Source: ONS Internal Migration Data – Table IM2014-1a and IM2014-1b, 2014

2.23 With the exception of Dartford, which had the greatest net gain to Gravesham at 371, and Sevenoaks, the remaining eight top authorities with moves into Gravesham were all London Boroughs. This implies a strong inward migration link with London and in particular South East London, which has been a long-term trend. This relocation of London residents out of the capital to Gravesham is likely to be driven particularly by London's increasing affordability pressures, which are squeezing out many households, particularly those looking to form a new household. Of the London Boroughs, Gravesham had the strongest links in 2014 with Bexley (225 net gain) and Greenwich (182 net gain).

2.24 As demonstrated in Figure 5, a different picture emerges when reviewing data for net migration loss, with the majority of the top ten net out-migration destinations being nearby and neighbouring authorities in Kent. Significantly, in contrast to net migration gains, only one of the top ten migration loss destinations (Enfield) is a London Borough. The most significant loss of people out of Gravesham in 2014 was to Medway, with a net loss of -264. This is followed by Canterbury (-68) followed by a clustering of loss to Thanet, Enfield, Maidstone and Swale, with net loss ranging between -59 and -50 people.

Figure 5 - Net Migration Losses (2014)



Source: ONS Internal Migration Data – Table IM2014-1a and IM2014-1b, 2014

2.25 The age-specific distribution in Gravesham's 2014 net migration flows is shown below in Table 6. The largest net migration flow occurred in the 30-44 age group (270 = 57%), followed by the 0-14 age group (180 = 38%). The only negative net migration flow occurred in the 60+ age group (-15% = -70). This reinforces the significance of labour migration for Gravesham. Interestingly, the net loss of people from the 60+ age group suggests a trend of older/retirement migration out of the borough.

Table 6 - Gravesham Age-specific Net Internal Migration Flows (2014)

	Net Flow	%
0-14	180	38%
15-29	80	17%
30-44	270	57%
45-59	10	2%
60+	-70	-15%
Total	**470**	**100%**

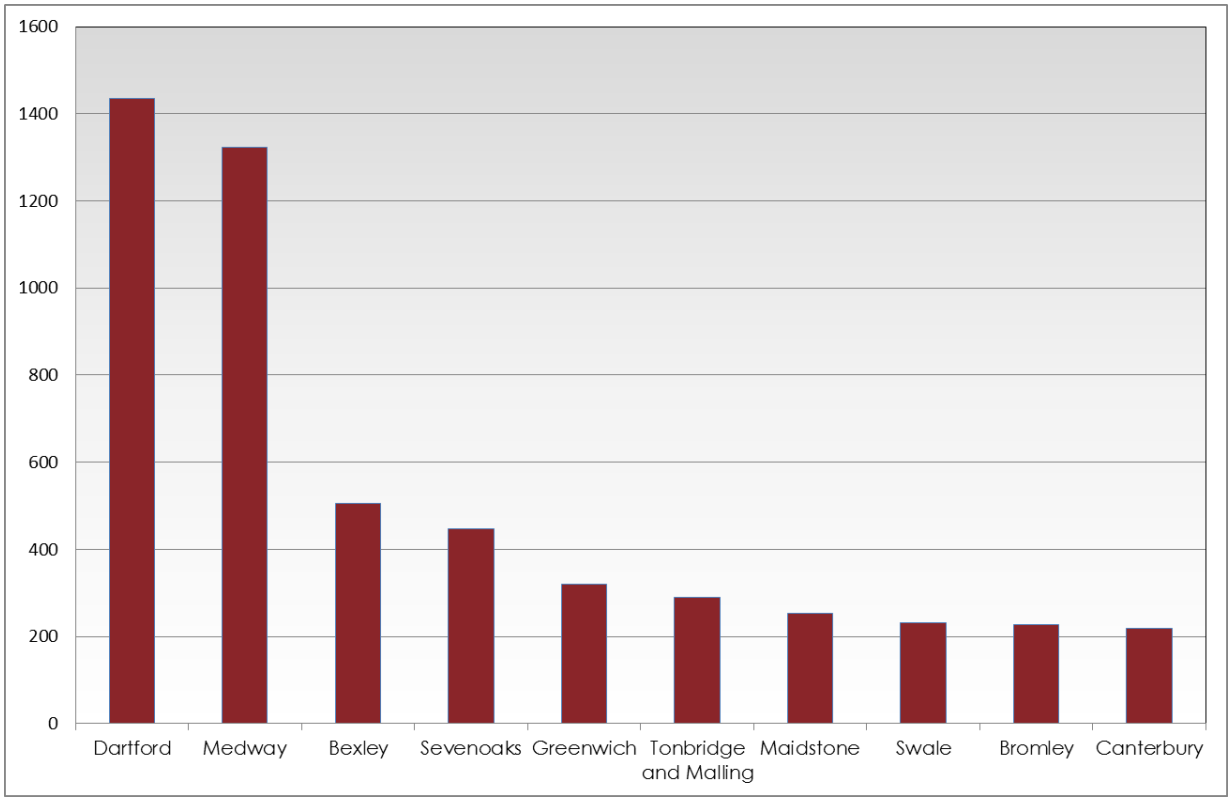
Source: ONS Internal Migration Data – Table IM2014-T5, 2014

2.26 The analysis of net migration trends shows a complex inter-relationship between local authorities. It suggests that in general, the most recent annual trend has been for people to migrate from Dartford, Bexley and Greenwich into Gravesham, and out of Gravesham into Medway. Moves into the Borough therefore reflect the strong influence of Gravesham's relationship with London, whereas moves out of the Borough show the strength of the more localised market with the majority of moves being between nearby/neighbouring Kent authorities.

2.27 The relative scale of aggregate flows, shown in Figure 6 provides greater clarity in understanding the flows occurring between Gravesham and its 'providing' and 'receiving' authorities. These aggregate flows combine the figures for in and out migration to identify the total flow of people between Gravesham and other authorities, helping to show Gravesham's strongest links.

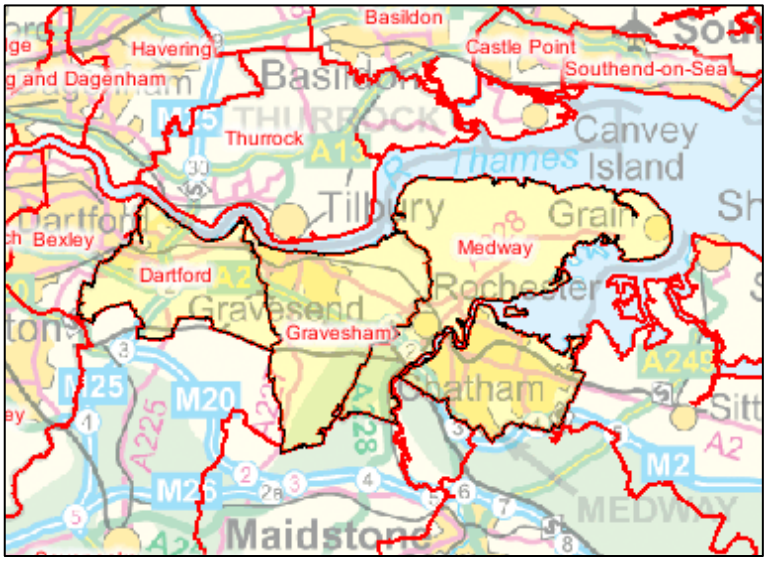
2.28 The defined area for the strongest aggregate migration flows between Gravesham and other authorities is shown below in Figure 7. This emphasises the significance of the links between Gravesham and the other authorities within its HMA, Medway and Dartford.

Figure 6 - Aggregate Migration Flows (2014)



Source: ONS Internal Migration Data – Table IM2014-1a and IM2014-1b, 2014

Figure 7 – Strongest Migration Flow Area



Source: Neighbourhood Statistics and BGVA, 2015

Origin and Destination Migration Trends

2.29 This sub-section is based on 2011 Census data estimating the "usual resident population of the UK who were living at a different address one year ago"[4]. This identifies the origin and destination of migrants who moved in the year prior to the Census.

2.30 This analysis focuses on the moves which started and finished in Gravesham, establishing the number of moves to and from Gravesham in this period, and the number of moves which involved remaining within the Gravesham Borough boundary. Analysis of these inward, outward and 'within authority' moves facilitates calculation of Gravesham's migration containment rate.

2.31 As set out in the PPG (*Paragraph: 011 Reference ID: 2a-011-20140306*) in relation to the definition of housing market areas; "*Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area.* ***The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained.*** *This excludes long distance moves (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs and schools.*"

2.32 Table 7 shows the number of moves that started and finished in Gravesham and neighbouring authorities which, based on the previous analysis, could form the wider HMA, as well as the total moves to and from each of these authorities.

[4] https://www.nomisweb.co.uk/census/2011/mm01cuk_all

Table 7 - Origin and destination of migrants who moved in the year prior to the 2011 Census

	Origin →	Gravesham	Medway	Dartford	HMA Total Moves (destination and origin)	Total Moves (all authorities)	Total Moves (SE, E & L moves)
Destination ↓	**Gravesham**	**5,093**	527	831	**7,649**	**12,903**	**11,944**
	Medway	720	**17,443**	326	**19,202**	**37,087**	**33,247**
	Dartford	478	186	**4,003**	**5,824**	**14,224**	**13,227**

Source: ONS Census (MM01CUK_ALL – Origin and destination of migrants by age (broad grouped) by sex), 2011

2.33 From these figures demand-side and supply-side containment can be calculated for Gravesham as a single market, and for Gravesham as part of the wider group of neighbouring authorities which form the potential HMA.

2.34 The containment analysis is calculated cumulatively, from left to right in the below tables. This facilitates identification of the point at which the highest level of containment is reached, and therefore the authorities included within the group that demonstrates the greatest containment. Containment is considered in terms of moves to and from all local authorities in England & Wales (Total). However to address the exclusion of long distance moves set out in the PPG, it is also considered in terms of moves to and from authorities in the South East, East and London regions (Total Moves SE, E & L). This SE, E & L moves is therefore used to inform this consideration of containment levels.

2.35 For cumulative demand-side containment, shown in Table 8, the highest proportion of containment (55%) is for a market combining Gravesham and Medway. However, this is substantially below the 70% threshold suggested in the PPG. Gravesham as a single market has a containment proportion of only 50%. Therefore, there is no support for the identification of Gravesham as self-contained in terms of destination moves.

Table 8 - Cumulative Demand-side Containment

	Gravesham	Medway	Dartford
Total Moves (All)	50%	50%	46%
Total Moves (SE, E & L)	54%	55%	51%

Source: ONS Census (MM01CUK_ALL – Origin and destination of migrants by age (broad grouped) by sex), 2011 & BGVA Analysis, 2015

2.36 For cumulative supply-side containment, shown in Table 9, the highest proportion of containment (54%) is for a market combining Gravesham and Medway. However, this is significantly below the 70% threshold suggested in the PPG. Gravesham as a single market has a containment proportion of only 53%. Therefore, there is no support for the identification of Gravesham as self-contained in terms of origin moves.

Table 9 - Cumulative Supply-side Containment

	Gravesham	Medway	Dartford
Total Moves (All)	49%	49%	46%
Total Moves (SE, E & L)	53%	54%	51%

Source: ONS Census (MM01CUK_ALL – Origin and destination of migrants by age (broad grouped) by sex), 2011 & BGVA Analysis, 2015

2.37 The fact that both demand-side and supply-side containment are far below the 70% level should be expected in authorities in the South East region, where there is such a range of inter-relationships between authorities and their neighbours, and where the London market has such a strong migration influence on them. In this context, the range of inter-relationships between authorities makes it highly unlikely that self-containment can ever be reached.

2.38 This complex set of inter-relationships between Kent boroughs and the effect London has in reducing self-containment suggests this migration containment analysis should not be the sole basis for defining the HMA. It reinforces the need to define the HMA based on a combination of the influences and factors considered in this section.

Commuting Trends

2.39 Table 10 shows that 71% of Gravesham residents aged 16-64 are economically active, and 63% of Gravesham residents aged 16-64 are economically active and in employment. The proportion of those who are economically active and in employment is largely in line with England (62%) and the South East (65%). With regard to the potential HMA, Gravesham is comparable to Medway (also 63%), but has a slightly lower proportion of economically active residents in employment aged 16-64 than Dartford (68%).

Table 10- Economic Activity Rates (2011)

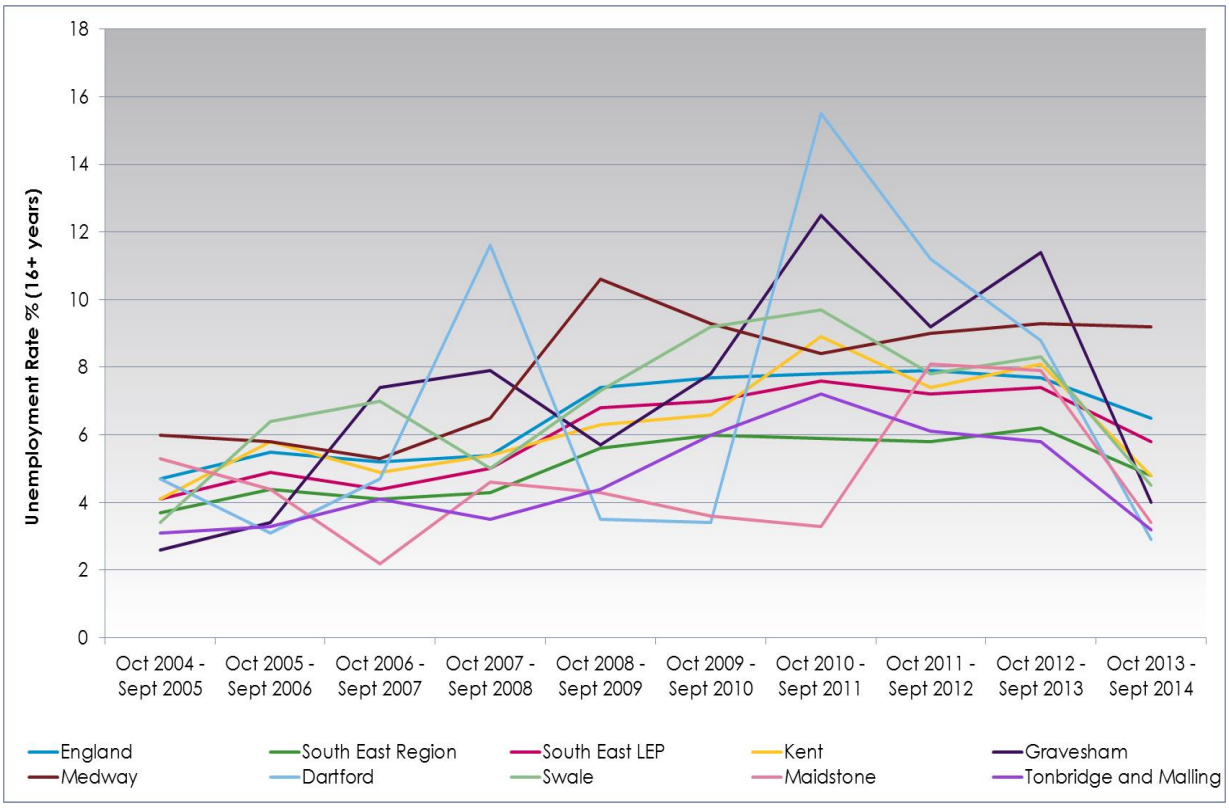
	Economically Active (%)			Total Economically Active (%)
	In employment	Unemployed	Full time student	
England	62	4	3	69
South East	65	3	3	72
Kent	63	4	3	70
Gravesham	**63**	**5**	**3**	**71**
Medway	63	5	3	71
Dartford	68	4	3	75
Swale	62	5	2	69
Maidstone	67	3	3	73
Tonbridge & Malling	67	3	3	73

Source: ONS Census (KS601EW to KS603EW), 2011

2.40 To consider unemployment levels in Gravesham, benchmarked against comparator areas, unemployment rates for those aged 16+ are analysed over the ten year period from 2004 – 2014 and detailed in Figure 8 below.

2.41 Figure 8 shows that there is significant variation in the unemployment trends for different areas from 2004 – 2014. Gravesham started at a 2.6% unemployment level in 2004 and by 2014 this has increased to 4%. However, this masks substantial fluctuations with peaks of 7.4% in 2006, 7.9% in 2007, 12.5% in 2010 and 11.4% in 2012.

Figure 8 – Unemployment Rate % Trend (2004 – 2014)



Source: APS 2015

2.42 In 2004 Gravesham had the lowest unemployment rate (2.6%) of all areas compared, with Tonbridge and Malling the next lowest (3.1%). By 2014 Gravesham had the fourth lowest unemployment rate (4%) with Maidstone (3.4%), Tonbridge and Malling (3.2%) and Dartford (2.9%) below it.

2.43 Across the wider Kent and South East there was an increase in unemployment driven by the economic recession, and whilst the majority of areas are now exhibiting a decreasing trend in unemployment, very few (with the exception of Maidstone and Tonbridge and Malling) have recovered to pre-recession levels.

2.44 Figure 9 shows the relevant part of the 2011 Travel To Work Area (TTWA) map, which identifies Gravesham as being in the London TTWA which includes neighbouring Dartford. Medway is included in the Medway TTWA.

Figure 9 - 2011 ONS Travel to Work Areas

Source: ONS, 2015
(https://geoportal.statistics.gov.uk/Docs/Maps/Travel_to_work_areas_(UK)_2011_map.pdf)

Out-Commuting

2.45 Location of usual residence and place of work statistics from the 2011 Census show that of those residents who were economically active (in employment) in 2011, 34% (12,990) worked within the local authority area. This demonstrates a low supply-side self-containment rate (the number of people living and working in an area divided by the number of residents in the area).

"The current criteria for defining TTWAs is that generally at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area. The area must also have a working population of at least 3,500. However, for areas with

a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted.."[5]

2.46 In simpler terms, this means that there is a low percentage of employed Gravesham residents who remain within the authority area to work, reflective of high levels of out-commuting. Therefore, Gravesham cannot be considered as being self-contained in the context of supply-side commuting.

2.47 A further 17% (6,710) of residents worked in Dartford, 6% (2,497) worked in the local authority areas covering the City of London and Westminster, 6% (2,389) worked in Medway, 5% (1,864) worked in LB Bexley and the remaining 32% worked elsewhere.

2.48 The supply side self-containment is analysed using data on out-commuting by Gravesham residents, as shown in Table 11.

Table 11 – Workplace Location of Gravesham Residents - TTW Profile

Location of Workplace	Number of Working Gravesham Residents	% of Working Gravesham Residents
Gravesham	**12,990**	**34%**
Dartford	6,710	17%
Westminster and City of London	2,497	6%
Medway	2,389	6%
Bexley	1,864	5%
Sevenoaks	1,148	3%
Tonbridge and Malling	1,138	3%
Maidstone	901	2%
Greenwich	831	2%
Bromley	735	2%

Source: ONS Census (WU01UK), 2011

In-Commuting

2.49 Location of usual residence and place of work statistics from the 2011 Census show that in 2011 of those who were economically active and working within the Gravesham local authority area 56% (12,990) lived within Gravesham. This demonstrates a fairly weak demand side self-containment level (the number of people living and working in an area divided by the number of jobs in the area), although stronger than the level for supply side self-containment. It is far from meeting the 75% level as set out previously.

2.50 In simpler terms, this means that there is a relatively low proportion of jobs within Gravesham which are undertaken by those who live within the authority area. Therefore, Gravesham cannot be considered self-contained in terms of demand-side commuting.

[5] http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/other/travel-to-work-areas/index.html

2.51 A further 14% (3,185) of the Gravesham workforce is resident in Medway, 8% (1,929) is resident in Dartford, 3% (666) is resident in Sevenoaks, 3% (586) is resident in Bexley, and the remaining 16% is resident elsewhere.

2.52 This demand side self-containment is analysed using data on in-commuting by the Gravesham workforce, as shown in Table 12.

Table 12 – Residence Location of Gravesham Workforce - TTW Profile

Location of Residence	Number of Gravesham Workforce	% of Gravesham Workforce
Gravesham	**12,990**	**56%**
Medway	3,185	14%
Dartford	1,929	8%
Sevenoaks	666	3%
Bexley	586	3%
Maidstone	569	2%
Tonbridge and Malling	520	2%
Swale	423	2%
Bromley	192	1%
Greenwich	178	1%

Source: ONS Census (WU01UK), 2011

Commuting Flows

2.53 It is not possible to combine the supply side and demand side containment proportions into one proportion, because they are based on different base populations (number of residents in the area and number of jobs in the area respectively). However, neither of these proportions constitutes the 75% level suggested to indicate self-containment, therefore, Gravesham should not be considered self-contained in relation to commuting.

2.54 Considering the in and out commuting patterns for Gravesham, it is evident that the strongest link is with Dartford, but there are also strong connections with Medway, the local authority areas of Westminster and the City of London and Sevenoaks. This is shown below in Table 13.

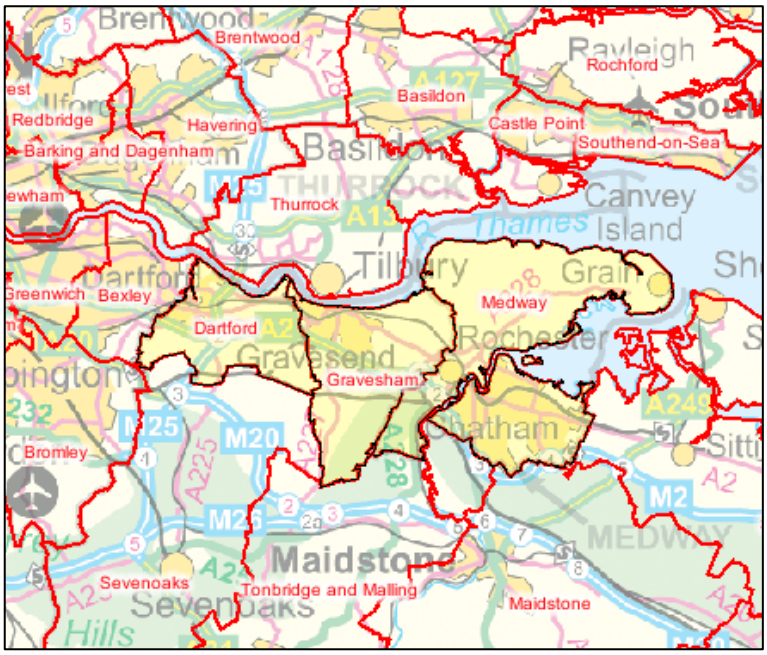
2.55 This leads to the definition of Gravesham's strongest commuting flows area, shown below in Figure 10, which includes Gravesham, Dartford and Medway. This replicates the same authorities that are included within Gravesham's strongest migration flow area detailed above. This emphasises the significance of the links between Gravesham, Dartford and Medway.

Table 13 - Aggregate Commuting Flows (2011)

Authority	In	Out	Total Flow
Gravesham	**12,990**	**12,990**	**25,980**
Dartford	1,929	6,710	8,639
Medway	3,185	2,389	5,574
Westminster & City of London	2	2,497	2,499
Bexley	586	1,864	2,450
Sevenoaks	666	1,148	1,814
Tonbridge and Malling	520	1,138	1,658
Maidstone	569	901	1,470
Greenwich	178	831	1,009
Bromley	192	735	927

Source: ONS Census (WU01UK), 2011

Figure 10 – Strongest Travel To Work Flows Area



Source: Neighbourhood Statistics and BGVA, 2015

House Prices

2.56 Table 14 identifies median average house prices for Gravesham, neighbouring authorities and the wider HMA, in 2000, 2007 and 2014, to understand pre and post-recession growth trends.

Table 14 – Median Average House Prices for Gravesham and Neighbouring Authorities

Authority	Median House Price (£)			Growth (%)		
	2000	2007	2014	Pre-recession (00-07)	Post-recession (07-14)	**Total (00-14)**
Gravesham	**84,748**	**180,000**	**208,500**	**112.40%**	**15.83%**	**146.02%**
Medway	70,000	158,000	170,000	125.71%	7.59%	142.86%
Dartford	88,995	196,000	220,000	120.24%	12.24%	147.20%
HMA	**81,248**	**178,000**	**199,500**	**119.08%**	**12.08%**	**145.55%**
Swale	76,000	164,000	180,000	115.79%	9.76%	136.84%
Maidstone	106,000	210,000	227,500	98.11%	8.33%	114.62%
Tonbridge and Malling	124,000	242,000	275,000	95.16%	13.64%	121.77%
Canterbury	89,000	199,995	228,495	124.71%	14.25%	156.74%
Sevenoaks	143,750	270,000	327,500	87.83%	21.30%	127.83%

Source: ONS Housing Summary Measures – Table 1. Median house price by local authority district, England and Wales, 1995 to 2014 (£), June 2015 release

2.57 Based on the ONS Housing Summary Measure data June 2015 release, drawing on Land Registry Prices Paid Data, the median average house price in Gravesham in 2014 was £208,500. This compares positively with an average of c. £199,500 for Gravesham's HMA (Gravesham, Medway and Dartford). The average price however, compares less favourably to other Kent authorities including Dartford (£220,000), Maidstone (£227,500), Canterbury (£228,495), Tonbridge and Malling (£275,000) and Sevenoaks (£327,500).

2.58 Gravesham experienced pre-recession price growth of 112.409% between 2000 – 2007, which is weaker than for Gravesham's HMA at 119.08%, but stronger than Maidstone, Tonbridge and Malling and Sevenoaks, which all show growth below 100%. Gravesham however demonstrated stronger post-recession growth at 15.83% when compared to Gravesham's HMA (12.08%) and other comparator authorities, with the exception of Sevenoaks (21.30%) which outperforms the rest of Kent in the post-recession period (which is likely to reflect the combined effect of its commuting convenience, local facilities and amenities and constrained housing supply).

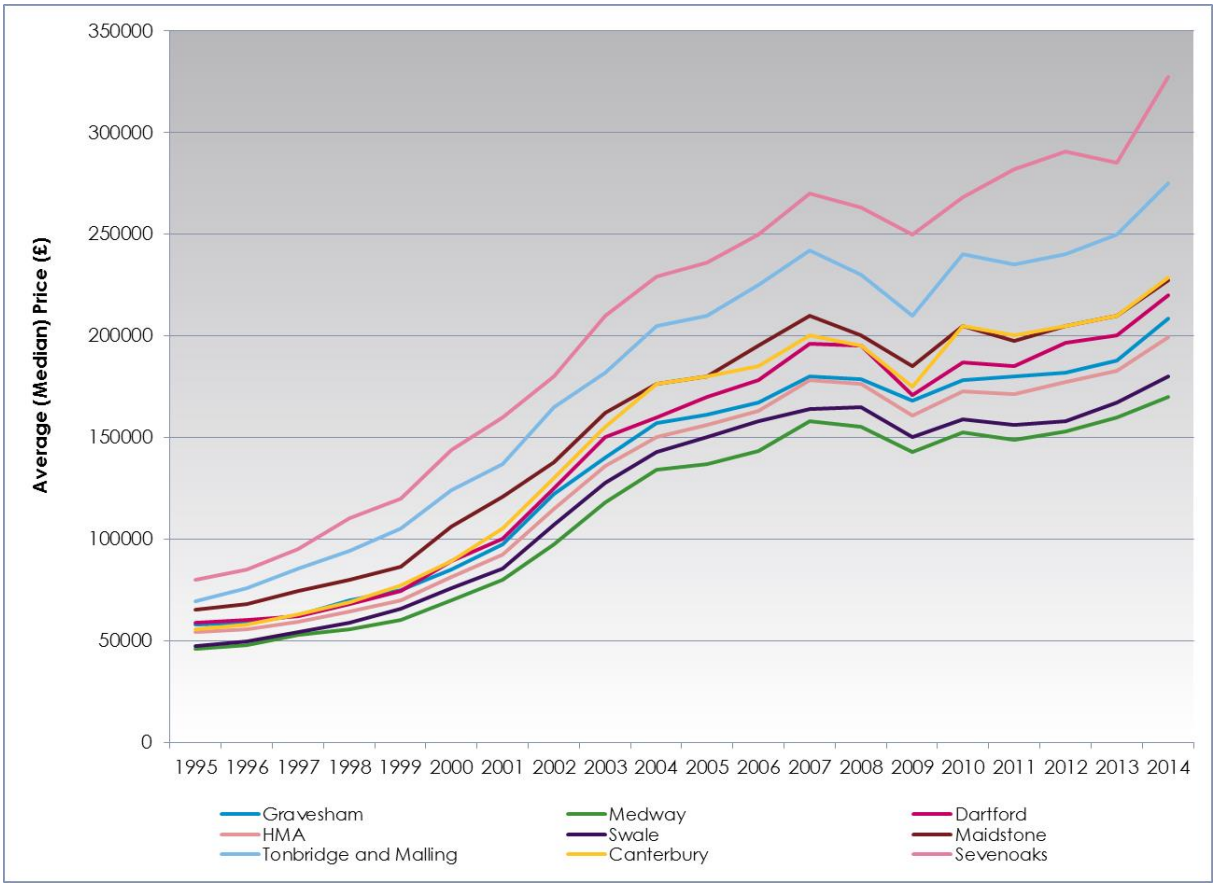
Growth Trends

2.59 Trends in house price data have been analysed over the period from 1995 to 2014. Figure 11 shows the average house price trends in Gravesham and its neighbouring authorities.

2.60 Despite variation in the mean average house price levels for different local market areas, all areas exhibited a similar fluctuating trajectory throughout the period. Particularly significant was the price dip for all areas between 2007-2009, reflective of recessionary impacts. It is

notable however, that the price dip experienced in Gravesham was not as pronounced as comparable areas.

Figure 11 - Mean House Price Based on Land Registry Data (1995 - 2014)



Source: ONS Housing Summary Measures – Table 1. Median house price by local authority district, England and Wales, 1995 to 2014 (£), June 2015 release

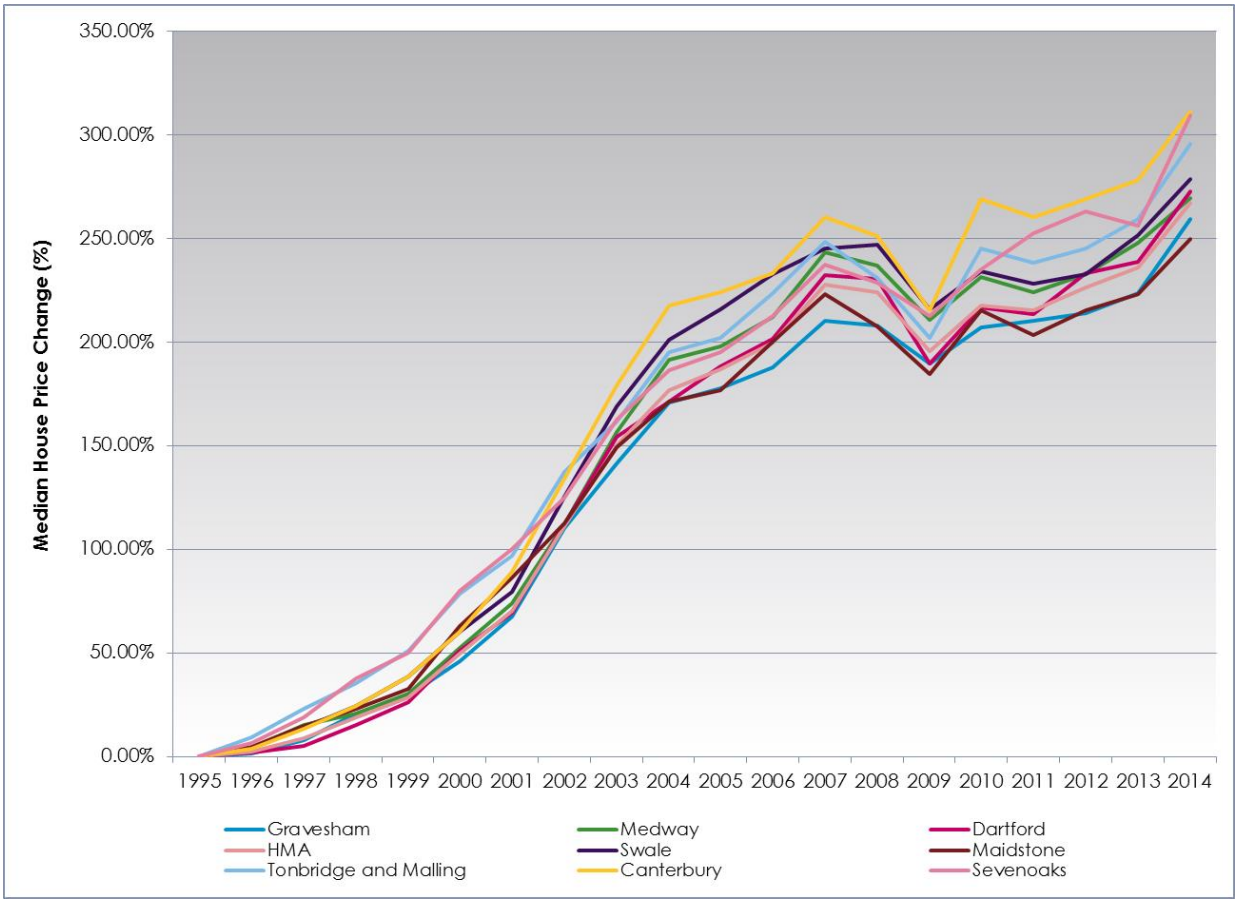
Rates of Change

2.61 Figure 12 illustrates the percentage change in median average house prices for Gravesham and its comparator areas, from the 1995 base year. By 2014, average home prices in Gravesham had increased 260% from the 1995 base year. This is the lowest increase in the context of Gravesham's HMA; Dartford showed a growth of 273% and Medway showed a growth of 270%. The average increase for Gravesham's HMA (including Gravesham, Medway and Dartford) was 267% from the 1995 base year.

2.62 As was the case for the growth trends, there is relative comparability in the trajectories for all areas, despite variation in the extent of increase exhibited over the period.

2.63 Table 15 ranks the authorities within Gravesham's HMA by the median average house price for 2014 and confirms the percentage growth since 1995.

Figure 12 - Percentage Increase in Mean House Prices from 1995 Base Year



Source: ONS Housing Summary Measures – Table 1. Median house price by local authority district, England and Wales, 1995 to 2014 (£), June 2015 release

Table 15 - Median Average House Price and Growth

Authority	2014 Median Average House Price (£)	Growth since 1995 (%)
Gravesham	£208,500	**260%**
Medway	£170,000	270%
Dartford	£220,000	273%
HMA	£199,500	**267%**

Source: ONS Housing Summary Measures – Table 1. Median house price by local authority district, England and Wales, 1995 to 2014 (£), June 2015 release

2.64 Average prices and rates of growth will influence patterns of migration. The comparability between these values for the authorities within Gravesham's HMA is likely to contribute to the movement evident between these authorities in the analysis of migration patterns and TTW flows. This is also the case for the migration trend from London to Gravesham's HMA.

2.65 The analysis of house price growth trends and rates of change shows more complexity and less clear-cut relationships between Gravesham and nearby authorities. There is variation evident in average house prices and their growth rates. However, there is close alignment in

the rates of change trends shown in neighbouring and nearby authorities, which suggests that they could be operating in the same market area as each other.

2.66 Whilst it is more difficult to draw meaningful conclusions from this data, compared to the analysis of internal migration, origin and destination migration trends and commuting flows, the alignment in rates of changes supports the strength of the relationship of Gravesham with Medway and Dartford.

Influences from the Wider Housing Market Area

2.67 The analysis set out in this Section shows that Gravesham is located within an area with a range of inter-relationship with locally based authorities, as well as London Boroughs which have an inevitable influence on authorities in the South-East of England, with particular strength in Gravesham's case. This is reinforced by the CURDS' HMAs and spheres of influence, which contextualise this section and the approach to defining the wider Housing Market Area.

2.68 The preponderance of evidence from each element of data considered (internal migration flows, origin and destination migration trends, commuting trends and house prices) suggests that Gravesham has a clear link with two neighbouring authorities, with which it has the strongest and most consistent relationships. The data shows that Gravesham should not be defined as a self-contained Housing Market Area, but forms part of a wider HMA that includes:

- Gravesham;
- Medway; and
- Dartford.

2.69 Gravesham's HMA definition relates to whole Local Authority areas, however it should be noted that there is likely to be sub-authority relationships where parts of neighbouring authorities demonstrate stronger links with Gravesham than the remainder of their authority area. However, the sub-authority variations cannot be accurately captured through this methodology, which is the most robust approach to defining Gravesham's HMA.

2.70 Equally, this definition does not negate the significance of Gravesham's links with other areas not included within its HMA i.e. South East London, Sevenoaks etc. This analysis is intended to reflect the preponderance of evidence and strongest patterns.

2.71 House price data suggests that Gravesham's HMA provides a broad range of house prices and types to create a functional housing market area, which caters for a range of population groups.

2.72 This approach to defining Gravesham's HMA is NPPF and PPG compliant, and has led to the definition of an appropriate and functional HMA area to be taken forward through this study. However, as already mentioned throughout this section, it is also important to acknowledge the wider sphere of influence to Gravesham in housing market terms, from other nearby authorities and particularly a number of London Boroughs. This comes from areas whose influence has been picked up within this analysis, but where the strength of this influence is not considered significant enough for these local authorities to be included within the defined HMA for Gravesham.

3. Baseline Analysis: Demographics, Housing and Economics

3.1 This section brings together the key findings from the housing, demographic and economic data analysis from this baseline report, which informs this SHMA. The most relevant information for this Report's analysis is summarised, whilst the full data analysis and commentary is available from the Baseline Report itself.

The Current Housing Stock

3.2 This sub-section summarises the current housing stock situation for Gravesham, based on information drawn from Chapter 4 of the Baseline Report.

Population, Households and Dwellings

- The latest 2011 Census recorded a population of 101,720 people in Gravesham. The latest ONS 2014 mid-year population estimates update this figure to 105,261 (an increase of 3,541 people, 3%).
- Between 2001-14 the population in Gravesham grew by 10%. This is slightly above the growth of 9% observed for Kent, and slightly below the level of 11% exhibited for the South East and England. It is the same as the growth level for Medway, but significantly below the growth level of 19% for Dartford.
- Based on the 2011 population level, Gravesham makes up a comparable proportion of the population in Gravesham's HMA to Dartford, at 22% and 21% respectively. Medway makes up 57% of the total HMA population.
- The total number of dwellings in Gravesham has increased from 38,261 in 2001 to 40,431 in 2011. This is an increase of 2,170 dwellings, equating to a 6% increase over the ten year period.

Stock Type

- Gravesham has a significantly lower proportion of detached stock at 16% when compared to 28% for the South East region and 25% for Kent. Within Gravesham's HMA however, this proportion is broadly in line with Medway (14%) and Dartford (13%).
- Gravesham shows a high proportion of terraced stock (32%) when compared to England (24%), South East (11%) and Kent (25%). This proportion however is lower than Medway (41%) and in line with Dartford (33%), and therefore is not an anomaly within the HMA area.

- Gravesham's proportion of semi-detached stock (32%) is largely in line with national, regional and HMA proportions.
- Gravesham has a higher proportion of purpose built flatted stock at 16% when compared to Kent (13%) and Medway (12%). This proportion is however, lower than Dartford (20%).

Stock Size

- When compared to the wider Kent context, Gravesham has a similar proportion of 1 bed (12%), 2 bed (24%), 4 bed (13%) and 5 bed (4%) properties.
- Gravesham has a higher proportion of 3 bed properties (47%) when compared with England (41%), South East (39%), Kent (40%) and Dartford (42%). Within Gravesham's HMA however, Medway has a marginally higher proportion of 3 bed properties at 49%

Stock Quality

- Based on the very basic proxy of households with central heating, Gravesham has a high overall stock quality at 97.5%. Analysis concludes that there are no obvious concerns with basic stock quality.

Stock Tenure

- In terms of stock tenure, approximately 65% of stock is in private ownership, 16% is privately rented, 17% is socially rented and 1% is in shared ownership. In the context of comparator areas, this demonstrates a relatively slightly lower proportion of home ownership which stands at 68% in the South East, 67% in Kent, 67% in Dartford and 70% in Medway. The proportion of socially rented stock is the highest amongst comparable areas in Kent, and roughly in line with the proportion in England (18%). With regards to other tenures, Gravesham's proportions are similar to those within Gravesham's HMA.
- In Gravesham approximately 5% of households in the Authority are at least one bedroom too short and therefore considered to be overcrowded. This is in line with the rate for England and Dartford, but slightly above the rates for comparable authorities in Kent, which range from 3-4%. Overall however this rate does not suggest a serious overcrowding issue. Overcrowding is likely to be most challenging in urban areas, where there is more evidence of bedroom shortage than in rural areas. However, it should be noted that some overcrowding occurs by choice, for example for multi-generation households who wish to live together (particularly within migrant communities).
- In Gravesham approximately 33.5% of households have at least one too many bedrooms and are therefore considered to be under-occupied. The level of under-occupancy for Gravesham is the joint lowest within the South East region across all

comparator areas, below the Kent level of 35%. This occupancy rating analysis suggests that there is a significant scale of under-occupancy in the Authority. When considered in combination with the evidence of some levels of overcrowding it indicates a misalignment of stock use and the potential to incentivise under-occupying households to downsize to help address issues of overcrowding without relying solely on the delivery of new larger units.

Demographic Trends

3.3 This sub-section summarises the current demographic trends in Gravesham, based on information drawn from Chapter 2 of the Baseline Report.

Population Growth

- Gravesham had a population of 95,712 in 2001, 101,720 in 2011 and 105,261 (estimated) in 2014. This shows 10% population growth over the 13 year period from 2001 – 2014, an increase of 9,549 people.

Population Age Structure

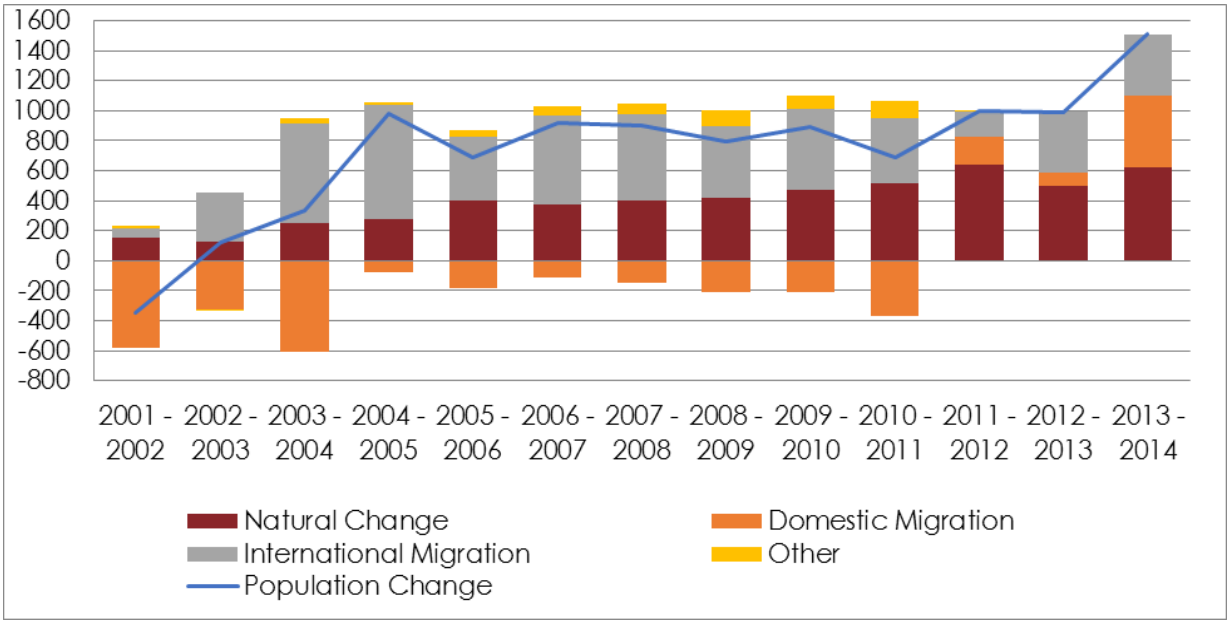
- The age profile from 2001 – 2014 reflects the ageing nature of Gravesham's population (with 18% growth in the 60+ age cohort). An interesting age-specific trend over this 13 year period is the reduction in the 30-44 age group (4% reduction), and the 0-14 age group (2% reduction) which represents the children of the 30-44 age group. This suggests that there has been a decrease in the number of economically active people, at the same time as an increase in the retired population. This structure has the potential to intensify pressures on local infrastructure such as on healthcare and sheltered accommodation, and increase the propensity of under-occupancy occurring among older people with more bedrooms in the home than they require.
- This overall trend is very different to the 2014 net migration flows analysis shown in Section 2, which identifies a net flow of +270 people in the 30-44 age group and +180 in the 0-14 age group. This shows that whilst there has been a long-term decrease in these groups within Gravesham's age structure over this 13 year period, most recently there has been a reversal to see increasing numbers and proportions in these age categories. This constitutes part of the recent reversal in the overall negative domestic migration influence in Gravesham's components of change analysis, identified below.

Components of Change

- As shown below in Figure 13, international migration was the most significant contributor to Gravesham's population growth over the period 2001 - 2014, accounting for 5,865 more residents, 62% of the 9,470 population growth. This contribution has varied in scale over the 13 years, fluctuating from a low of +70 people from 2001 – 2002

to a high of +766 people from 2004 – 2005, however it has always resulted in net population gain.

Figure 13 - Components of Gravesham Population Change from 2001 - 2014



Source: Mid-Year Population Estimates Series, 2001 to 2014

- Natural change (fertility exceeding mortality) contributed to 54% of total population growth in Gravesham over the period, with the number of births outweighing the number of deaths by 5,129. The net positive contribution from this component gradually increased from 2006 to 2012 and has fluctuated between 2012-2014. Positive natural change is considered to be indicative of a relatively young population structure. It is also influenced by migration, as children of migrants born in Gravesham are counted within the natural change component, and migrants are likely to have higher fertility rates than the British population.
- Domestic migration is the only component which had a negative influence on the population over the period (-22%), however its contribution has changed over the last three years. From 2001 – 2011 it accounted for a net loss of 2,826 people, but from 2011 – 2014 it accounted for a net gain of 755 people. This is in part attributable to less out migration from the Borough in recent years, which to an extent could reflect the wider trend of reduced emigration levels since the recession.

Ethnicity

- Ethnic diversity in Gravesham has increased between the 2001 and 2011 Censuses, supported by the influence of international migration to population growth. 2011 Census data shows that minority (non-white) ethnic groups made up approximately 17% of the Gravesham population, which whilst similar to the average for England (15%), is significantly higher than the average for Kent (6%) and all HMA and other comparable Kent Boroughs. Dartford has the second highest proportion of comparator

areas at 13%. Increasing diversity could have housing implications, particularly affecting size requirements considering the propensity for the multi-generational households for certain ethnic minority groups.

Economic Trends

3.4 This sub-section summarises the current economic trends in Gravesham, based on information drawn from Chapter 2 of the Baseline Report.

Employment Rates

- In 2011 71% of Gravesham's population was economically active. This is comparable with local, regional and national comparator areas
- In 2014 Gravesham had a lower unemployment rate (4%) compared to England (6.5%). However, this masks substantial fluctuations between 2004 - 2014 with peaks of 7.4% in 2006, 7.9% in 2007, 12.5% in 2010 and 11.4% in 2012.

Occupation Levels

- Gravesham shows a low proportion of managerial and professional occupations, with a total of 18.9% compared to the proportion of 26.5% for Medway, and proportions ranging from 27.2% (Swale) to 37% (Tonbridge and Malling) in comparator areas
- The highest proportion of the Gravesham workforce are engaged in associate, professional and technical occupations (18.6%)

Housing Trends

3.5 This section examines the cost and affordability of housing across the housing market area. The review considers performance across:

- **The Owner Occupier Sector**: House price analysis, examination of the relative change in house prices and the current housing market, including a consideration of more affordable (low cost / lower quartile) elements of market housing, as well as a review of mortgage finance to identify the barriers to access for first time buyers;
- **Private Rented Sector**: Examination of rental levels of different components of the private rented sector, which forms an important component of the overall housing offer; and
- **Affordable Housing Sector:** Review of the changes in demand, as recorded through the waiting list for social rented properties within Gravesham and an assessment of current average rental levels, including consideration of the 80% market rent levels.

3.6 The section concludes by considering the ability of households to access housing based upon analysis of income and housing costs. The section should be read in conjunction with the housing data in 'The Current Housing Stock' section.

Owner Occupation

3.7 Figure 14 below provides a general indication of property values in Gravesham and the surrounding area, based on Zoopla's Zed Index, which provides an average property value based on current Zoopla estimates for that area. As such, it does not relate specifically to either asking or sale prices but provides a good indication of house price variation across the Borough and in neighbouring areas.

3.8 Figure 14 identifies that the highest values are within the south and rural east of the Borough, and lowest values are to the north around Gravesend and the River Thames.

Figure 14 – Gravesham Residential Values Heat Map

Source: Zoopla, 2015 (http://www.zoopla.co.uk.heatmaps/)

House Price by Type of Property

3.9 In order to remove the impact of the housing stock type, where locations with a higher proportion of houses than flats will have higher mean prices, analysis of the relative values of each of the housing types has been undertaken.

3.10 The analysis in Table 16 below uses 2015 data from the Land Registry to provide the most up to date snapshot of the market possible.

Table 16 - Average House Price by Type, Q1 and Q2 2015

	Detached	Semi-detached	Terraced	Flats	Average
Gravesham	**£434,595**	**£261,614**	**£209,104**	**£137,669**	**£238,454**
HMA	£379,774	£245,618	£190,149	£149,120	£220,999
Medway	£324,902	£221,557	£171,012	£136,109	£198,400
Dartford	£463,563	£292,699	£234,271	£169,782	£261,402

Source: CLG Price Paid Data – Yearly File 2015 (Land Registry), 2015
Data produced by Land Registry © Crown copyright 2015

3.11 As shown in Table 16, Gravesham has an overall average home price of £238,454, with a large range of £296,929 between the highest (detached housing) and lowest (flats) prices.

3.12 The overall average price for the Authority is £238,454. This is £22,948 (9.6%) lower than the average price for Dartford which has the highest average value in Gravesham's HMA, and £40,054 (20.1%) higher than Medway, which has the lowest average price in Gravesham's HMA. The overall Gravesham average is £17,455 (7.8%) higher than the overall average for the wider HMA, which is £220,999.

3.13 In terms of values according to stock type, again Gravesham sits in between Medway, which has the lowest values in Gravesham's HMA, and Dartford, which has the highest. Gravesham has higher values across all stock type compared to Gravesham's HMA average, with the exception of flats which at £137,669 is £11,451 (8.3%) lower than Gravesham's HMA average.

3.14 However, considering the context of Gravesham's HMA, which demonstrates strong inter-relationships with London, its higher value context is likely to be partly driven by the influence of the London Housing Market Area, and its strong residential values. Dartford's values will be particularly influenced by its stronger links to London and Bexley.

House Sales

3.15 The number of house sales provides an indicator of market activity and buoyancy. The data in Table 17 below shows house sales by local authority since 1996, and Figure 15 illustrates the indexed levels of transactions from 1996 to 2012.

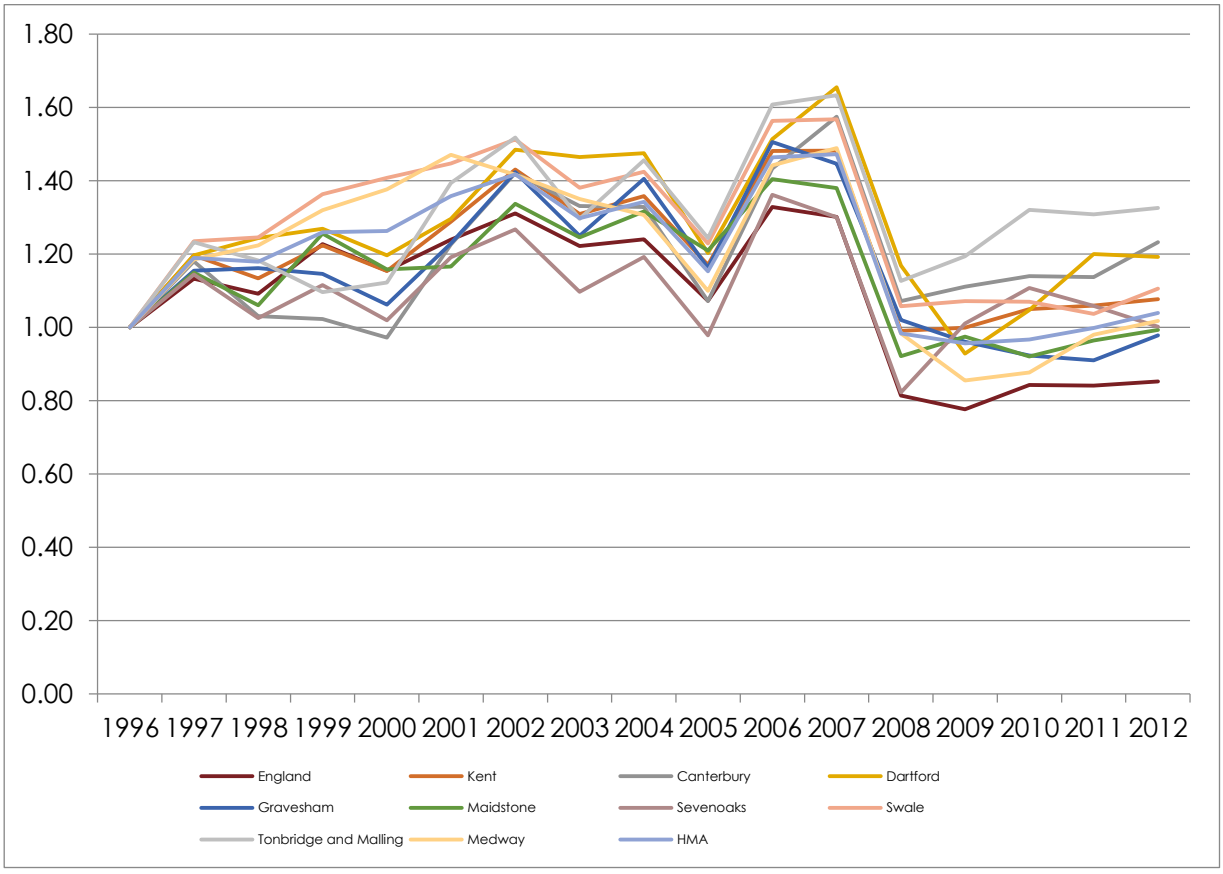
3.16 There has been a noticeable decline in sales since the 2006 peak, reflecting the downturn in the economy and the economic conditions affecting demand for property. This is reinforced by the sharp fall in transaction levels for all local authorities within Gravesham's HMA and for the South East and England and Wales, between 2006 and 2008. In 2012 all comparable areas were yet to reach pre-recession peak transaction levels.

Table 17 - Local Authority Home Transactions across Selected Years

	1996	2006 Peak	2009 Low	2012
England	948,810	1,223,129	586,894	632,136
Kent	25,050	36,206	18,584	20,054
HMA	7,508	10,659	4,917	5,699
Gravesham	**1,483**	**2,104**	**1,069**	**1,084**

Source: CLG Live Table 588, 2014

Figure 15 - Indexed Levels of Transactions (1996 - 2012)



Source: CLG Live Table 588, 2014

3.17 This data is supported by Table 18, which shows residential house sales as a percentage of privately owned housing for Gravesham and Gravesham's HMA authorities, from 2010 – 2014.

Table 18 - Residential house sales as a % of privately owned housing (2010-2014)

	2010	2011	2012	2013	2014	Average
Gravesham	**3.9**	**4.1**	**4.8**	**4.8**	**4.7**	**4.5**
HMA	**3.7**	**4.2**	**5.0**	**5.1**	**5.3**	**4.7**
Medway	3.6	4.2	5.0	5.1	5.7	4.7
Dartford	3.7	4.4	5.3	5.4	5.5	4.8

Source: ONS Housing Summary Measures – Table 12.Number of residential house sales as a percentage of privately owner housing by local authority district, England and Wales, 2010 to 2014, June 2015 release

3.18 This indicates that whilst Gravesham started with the highest proportion of house sales in 2010 in relation to Gravesham's HMA authorities, the increase in its sales over the five year period has been slower. It has only increased by 0.8% to 4.7% in 2014, compared to an increase of 1.8% in Dartford and 2.1% in Medway. Gravesham's average of 4.5% of sales, is slightly lower than the averages of Medway (4.7%) and Dartford (4.8%).

Lower Quartile House Prices

3.19 The CLG records the lower quartile house prices for each authority across the UK. The CLG SHMA Guidance (August 2007) recommends that the lower quartile price of properties represents the lower levels of the housing market, and such properties should be considered to be those most likely to be able to be purchased by households on lower incomes or households entering the market for the first time.

3.20 Table 19 and Figure 16 illustrate lower quartile price trends between 1996 and 2012 for Gravesham and Gravesham's HMA, alongside Kent and England.

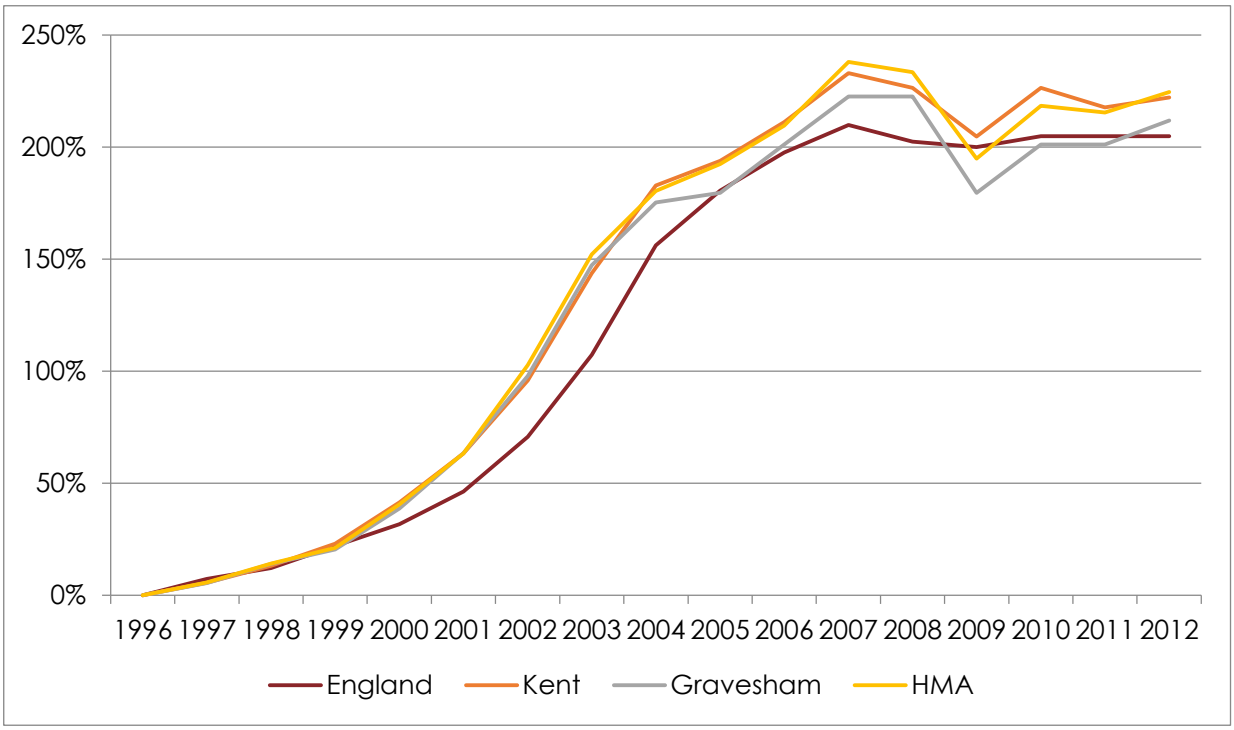
3.21 In all areas lower quartile house prices have grown substantially since 1996. The most significant growth has been in Gravesham's HMA (225%), followed by the growth in Kent (222%). Overall growth in Gravesham throughout the period was 212%, which is higher than the overall rate for England, at 205%.

Table 19 - Lower Quartile House Price Comparisons

Area	1996	2012	% Change
England	41,000	125,000	205%
Kent	45,950	148,000	222%
HMA	43,500	141,167	225%
Gravesham	**46,500**	**145,000**	212%

Source: CLG Live Table 587 (based on Land Registry), 2014

Figure 16 - Percentage Increase in Lower Quartile House Prices (from 1996 base year)



Source: CLG Live Table 587 (based on Land Registry), 2014

3.22 The significant growth in Lower Quartile (LQ) house prices contributes to growing affordability pressures at all geographic levels. This will influence the level at which affordability and access to housing should be calculated.

Advertised Purchase Price

3.23 To supplement the Land Registry based house price data, asking prices from Zoopla are collated to better understand the current market position. This is generally considered to be one of the more comprehensive market driven sources of sales and rental values information, as Zoopla provides a more accurate reflection of a market's current value levels. Zoopla is used for rental and sales values throughout this Report to ensure consistency in the value data on which it relies.

3.24 It is important to note that the accuracy of this data is in part dependent on the number of properties which are advertised with Zoopla at a given time. Anomalies can sometimes be observed in locations where there are few properties for rent or sale (due to the increased likelihood of the average figures being skewed by a low or high outlier). The other caveat to the data is that it is not reflective of stock quality, type (e.g. there is no differentiation between housing and flats) or age, which are all factors with an obvious impact on prices. Despite this, the data provides a valuable indication of overall price trends.

3.25 Table 20 details current average asking price for some of Gravesham's main settlements. This table details prices by number of bedrooms. Red and blue shading is applied to the highest

and lowest value for each bedroom size respectively. The data is based on a total of 200 properties, the majority of which (55%) are identified as being in Gravesend.

3.26 It must be emphasised that this provides a snapshot of asking prices in August 2015. However, considering the fluctuating nature of the property market, values can vary significantly, and a snapshot taken from Zoopla at another time may suggest different asking price levels. This will be due to the number of properties for sale differing, as well as the properties for sale being different in terms of type and size, which influences asking prices. This is the nature of property market data, and cannot be avoided, regardless of which data source is used.

Table 20 - Current Asking Prices (Zoopla – December 2015)

	1 bed	2 bed	3 bed	4 bed	5 bed	Number of properties
Gravesend	£130,790	£190,150	£289,454	£381,644	£486,333	**110**
Northfleet	£150,000	£198,182	£256,879	£360,995	£473,500	**42**
Meopham	n/a	£237,750	£540,375	£577,499	£865,000	**17**
Istead Rise	n/a	£325,000	£258,500	£522,250	n/a	**9**
Cobham	n/a	n/a	£304,500	£585,000	n/a	**3**
Shorne	n/a	n/a	£521,667	£750,000	n/a	**4**
Higham	n/a	£263,333	£285,900	£550,000	£1,090,000	**15**

Source: Zoopla UK Area Stats, 2015 (http://www.zoopla.co.uk/market/uk/)

3.27 Northfleet has the highest price level for 1 bed stock, Istead Rise has the highest price level for 2 bed stock, Meopham has the highest price level for 3 bed stock, Shorne has the highest price level for 4 bed stock and Higham has the highest price level for 5 bed stock. This shows much variation in the location of the highest price levels, however the majority of the highest prices are found in the rural, rather than urban locations of the Borough. This is supported by the fact that Gravesend has the lowest price level for 1 and 2 bed stock, and Northfleet has the lowest price level for 3, 4 and 5 bed stock

3.28 It is important to add the caveat that sample sizes, particularly in the rural settlements are very small and therefore data may be skewed by anomalies. The data does however show the general trend observed earlier in the chapter, of lowest prices being evident in the main Gravesend / Northfleet urban area.

3.29 It is important to identify that asking prices do not reflect actual market transaction values, and are often likely to be adjusted downwards to reach the sold price. However, it is not possible to compare the asking price and sold price of a property in the context of this analysis because of the time lag, where sold prices are updated every 3 months (by Land Registry). Considering the fluctuating nature of the market, and the rapidly increasing residential values, comparing current asking prices with sold prices from 3 months previously does not provide a meaningful or useful comparison.

3.30 There is also little benefit in comparing asking and sold prices due to the variation in factors which affect the sale of each individual property, which would require the prices of the same property to be compared in order to be meaningful (which is not possible with available data).

Sales Agent Consultation

3.31 As part of researching private sales trends, the following 7 sales agents were consulted:-

1. **Mann** (Gravesend and Northfleet);
2. **Sealeys** (Gravesend and Northfleet);
3. **Ward & Partners** (Gravesend);
4. **M & M Properties** (Gravesend);
5. **Property Shop Estate Agents** (Gravesend);
6. **Kings Estate Agents** (Meopham and surrounding villages);
7. **Hartley Estate Agents** (Meopham and surrounding villages)

3.32 This consultation sought to understand the local sales market at the time of the survey (July / August 2015), including the profile of buyers and average sales prices. The agents consulted worked within specific areas of Gravesham, rather than area-wide, and were targeted as far as possible to be geographically representative of the key settlements across the Authority. The findings from this consultation support and inform later analysis and conclusions drawn from this SHMA.

Values

3.33 Agents were asked to provide a range of values for typical house types in their area, detailed in the table below. It should be noted that this is difficult for agents to provide, since house prices are so much determined by the location and specification of individual properties. However, the data presented below provides an indication of the value range across the borough, showing a general trend of the higher values in Meopham and the surrounding rural area and lower values in the urban Gravesend / Northfleet settlements.

Table 21 - Minimum and Maximum Sales Values by Property Type, Agent Consultation August 2015

	1 bed Flat	2 bed Flat	2 bed House	3 Bed House	4 bed house
Gravesend / Northfleet					
min	£125,000	£170,000	£200,000	£230,000	£300,000
max	£150,000	£220,000	£250,000	£350,000	£400,000
Average	**£137,500**	**£195,000**	**£225,000**	**£290,000**	**£350,000**
Meopham and Surrounding Villages					
min	n/a	n/a	£200,000	£300,000	£400,000
max			£250,000	£350,000	£500,000
Average			**£225,000**	**£325,000**	**£450,000**

Source: BGVA Agent Consultation, 2015

Origin of new buyers

3.34 Agents were asked about the origin of buyers, specifically whether there is much demand from buyers moving into the area from other parts of the Borough and beyond.

3.35 Agents in Gravesend noted a distinct recent increase in buyers relocating out of London. Lower house prices, in addition to improved rail links, were cited as the main factors behind this trend.

3.36 Although the rural agents reported that some buyers were relocating from London this trend was less pronounced, with the majority of buyers being local families.

Property Demand (incl. size, type, sub-location)

3.37 Agents in Gravesend reported a very strong market at this time in terms of demand, with buyers outstripping supply. The rural agents however, reported that the market was 'slow' and 'sluggish'. It was felt however that this was mainly due to the summer season, and the market was expected to pick up after September. However, it could also be considered that issues such as property type, size and value could play a role in this variation.

3.38 Because of the high demand creating a strong sellers' market, Gravesend agents commented that any type of property that came on the market was popular and sold quickly. When pushed however, most agents agreed that 3 bed family houses were the most popular stock type. This was the same for agents in Meopham, with the addition of 4 bed family houses.

3.39 Agents from across the Authority did not necessarily see proximity to rail station and centre facilities as the key determinates of value / demand. Instead, certain areas tended to

develop good reputations (based on schools, housing stock, local facilities) that commanded high values. Access to the M2/A2 and the road network were also important factors that made areas popular.

Buyer profile

3.40 Agents were asked about the profile of buyers in the area, in terms of household type and size. Agents in Gravesham and Northfleet reported a wide range of buyers, including families, buy to let investors and first time buyers. The agents in Meopham however reported that the majority of buyers were families. Again however, it could be considered that issues such as property type, size and value could play a role in this variation.

3.41 In Gravesend a recent increase in buy to let investors was explained by some agents as a result of the proposed development of the London Paramount entertainment resort proposal and its impact on encouraging speculative investment in the area.

Key themes / conclusion

3.42 The key themes drawn from agent consultation were:

- Values reported by agents demonstrated a general trend of higher values in Meopham and the surrounding rural area and lower values in the urban Gravesend / Northfleet settlements;
- Agents in Gravesend noted a distinct recent increase in buyers relocating out of London. This trend was less pronounced in the rural villages, where the vast majority of buyers were reported as local families;
- Agents in Gravesend reported a very strong market at this time in terms of demand, with buyers outstripping supply. The rural agents however reported that the market was slow, but this was largely due to the Summer season;
- 3 / 4 bed family houses were the most popular stock type in Gravesham;
- Proximity to rail station and centre facilities were not necessarily determinates of value, with good schools, housing stock, local facilities and road network access identified as being important;
- Agents in Gravesham and Northfleet reported a wide range of buyers, including families, buy to let investors and first time buyers. The agents in Meopham however reported that the majority of buyers were families.

Private Rented Sector

3.43 Nationally the Private Rented Sector (PRS) has undergone a period of significant expansion. There has been a nationwide PRS growth trend, which has seen the number of PRS dwellings increase by 134% over the twenty years between 1991 and 2011. This trend is expected to

continue, and it has been estimated by the Government that the number of PRS homes could increase by a further 15% over the next 10 years between 2015 and 2025.

3.44 The growth in this sector has been the result of favourable investment conditions, the lack of access to mortgages and a wider shift in attitude, particularly among young people, to seeing private rental property as a viable alternative to owner-occupied housing. This reflects the affordability challenges of accessing home ownership. The sector is now playing an important role in the operation of housing markets, offering a more affordable alternative to owner-occupation and social renting. Considering this, there has been increased interest from institutional investors looking to build serviced rental accommodation.

3.45 There is strong government support for increased delivery within the Private Rented Sector, indicated to be "*the second most prevalent tenure in the country*", which now constitutes 4.4 million households, and is expected to increase by a further 1.2 million households to 2019. This is evident in the introduction of a number of schemes including the Private Rented Sector Debt Guarantee Scheme, the Private Rented Sector Taskforce and the £1 billion Build to Rent programme. The Government's March 2015 publication 'Accelerating Housing Supply and Increasing Tenant Choice in the Private Rented Sector: A Build to Rent Guide Local Authorities' sets out a number of options for private rented sector options for Local Authorities to consider, and the supporting policies and initiatives driving forward private rented sector growth across the country[6].

3.46 The Build to Rent programme aims to deliver up to 10,000 new private rental homes and significant investment to support "*innovative housing guarantees to finance investment in new rented homes*"[7]. The government is seeking strong Local Authority support for Private Rented Sector development in order to bring forward the appropriate level of supply to meet its growing demand, which is critical for the programme to successfully contribute towards increasing housing delivery. Local Planning Authorities are also required to support and facilitate this initiative in their planning strategy and policy, and the delivery of build to rent development on Council owned land where appropriate. Specifically in policy terms, it is indicated that "*revised planning guidance issued in March 2014 guides local authorities to assess tenure need including private rented sector, to inform housing policies in local plans*"[8].

3.47 Table 22 presents private monthly rental costs across England, the South East, London, Gravesham's HMA and Gravesham. It also shows a range of different rental indicators by

[6] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416611/150323_Accelerating_Housing_Supply_and_Increasing_Tenant_Choice_in_the_Private_Rented_Sector.pdf

[7] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416611/150323_Accelerating_Housing_Supply_and_Increasing_Tenant_Choice_in_the_Private_Rented_Sector.pdf

[8] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416611/150323_Accelerating_Housing_Supply_and_Increasing_Tenant_Choice_in_the_Private_Rented_Sector.pdf

bedroom size, with the mean average rent (an important link to the affordable rent product) compared to the upper, medium and lower quartile rental levels.

Table 22 – Private Monthly Rental Levels (Oct 2013 – Sept 2014)

	Count of rents	Mean Average	Lower Quartile	Median	Upper Quartile	Affordable Rent		
All						**80%**	**70%**	**60%**
ENGLAND	489,000	742	475	595	800	594	519	445
South East	75,390	873	605	760	975	698	611	524
London	52,774	1,530	1,000	1,300	1,733	1224	1071	918
HMA	4,181	707	567	682	800	566	495	424
Gravesham	579	698	550	670	800	558	489	419
1 Bedroom								
England	83,553	625	425	520	695	500	438	375
South East	15,246	625	525	600	710	500	438	375
London	14,256	1,211	900	1,148	1,408	969	848	727
HMA	875	576	523	575	617	461	403	345
Gravesham	118	555	500	550	600	444	389	333
2 Bedroom								
England	196,132	693	485	580	750	554	485	416
South East	28,517	804	660	770	895	643	563	482
London	20,094	1,516	1,150	1,387	1,712	1213	1061	910
HMA	1,483	715	650	708	775	572	500	429
Gravesham	200	697	650	700	750	558	488	418
3 Bedroom								
England	119,642	789	550	675	850	631	552	473
South East	16,381	980	785	900	1,100	784	686	588
London	7,721	1,970	1,350	1,668	2,188	1576	1379	1182
HMA	1,128	833	727	817	917	666	583	500
Gravesham	145	827	735	825	900	662	579	496
4+ Bedroom								
England	43,172	1,412	800	1,100	1,625	1,130	988	847
South East	8,188	1,743	1,200	1,500	1,995	1,394	1,220	1046
London	4,133	3,134	1,850	2,500	3,358	2,507	2,194	1880
HMA	288	1,303	1,082	1,208	1,383	1,042	912	782
Gravesham	34	1,356	1,150	1,225	1,400	1,085	949	814
2 & 3 Bedroom								
England	315,774	729	510	616	788	583	511	438
South East	44,898	868	706	817	970	695	608	521
London	27,815	1642	1206	1465	1844	1314	1149	985
HMA	2,611	766	683	755	836	613	536	459
Gravesham	1,908	752	686	753	813	601	526	451

Source: ONS Private Rental Market Statistics Tables 1.1 – 2.7 (based on VOA data), 2014

3.48 Concentrating on the average price for 2 and 3 bedroom properties as a reflection of a typical or standard unit, it is evident that the cost of renting in Gravesham (£752) is £14 (c.2%) lower than the level for Gravesham's HMA (£766), and significantly lower (15%) than the South East region (£868). The cost of renting in London (£1,642) is significantly higher than all other comparators, reflecting the housing pressures faced by London residents. It is £890 more than the renting cost in Gravesham, which further reflects this pressure, and the internal migration

pattern observed from London to Gravesham's HMA, and Gravesham itself, and from west to east along the River Thames.

3.49 When considering the lower quartile rent levels, the cost of renting in Gravesham (£686) is £3 (less than 1%) higher than the cost of renting in Gravesham's HMA (£683) and marginally lower (3%) than the South East (£706). This is implies that Gravesham rental values are largely in line with the regional South East and local HMA context. Again, lower quartile rent levels in London are significantly higher than all other comparators, and £520 above the Gravesham level specifically.

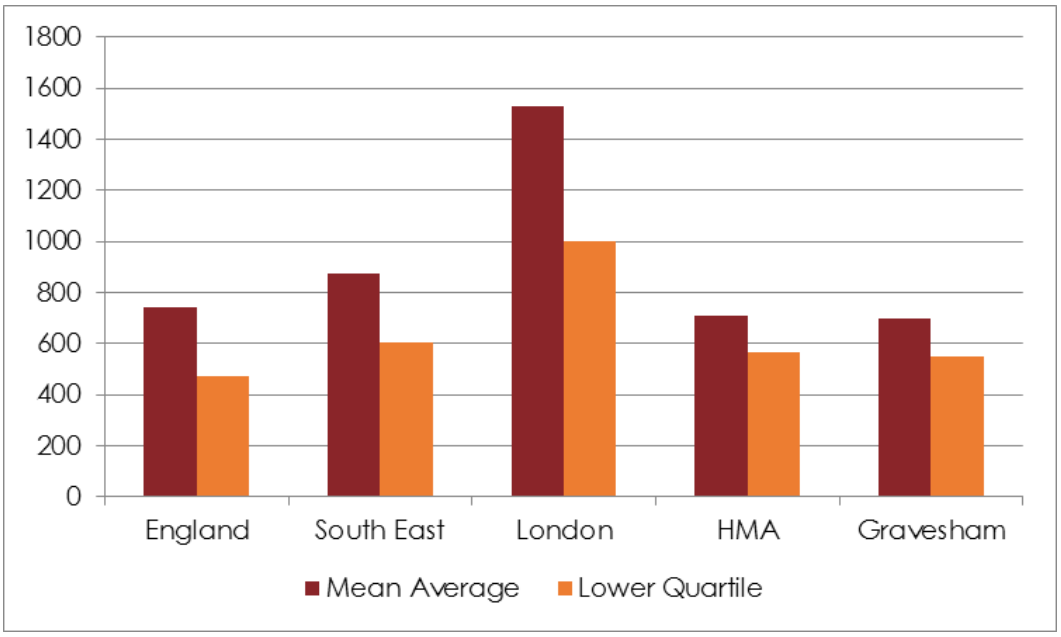
3.50 Local Housing Allowances (LHA) rates are used to calculate housing benefit for tenants renting from private landlords. LHA rates relate to Broad Rental Market Areas (BRMAs). A BRMA is where a person could reasonably be expected to live, taking into account access to facilities and services.

3.51 Considering this however, the Local Housing Allowance (LHA) levels are approximately in line with these lower quartile levels, with the exception of 4 bedroom properties where the allowance is £1,013 against a lower quartile level of £1,150 c. £137 below the average lower quartile rent (based on North West Kent Broad Rental Market Area).[9] This means that those claiming benefits would be unable to privately rent 4 bedroom properties in some areas of the borough.

3.52 Comparison of the average and lower quartile rent level for Gravesham and its comparator areas is presented in Figure 17. This emphasises variation between the mean average and LQ rental levels within each area, and their variation across each area.

[9] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/399847/FINAL_2015_LHA_RATES.xls

Figure 17 – Private Monthly Rental Levels for All Properties (Oct 2013 – Sept 2014)



Source: ONS Private Rental Market Statistics Tables 1.1 – 2.7 (based on VOA data), 2014

Advertised Rental Values

3.53 To supplement the VOA private rental data, advertised rents from Zoopla are collated to better understand the current market position. This is generally considered to be one of the more comprehensive market driven sources of sales and rental values information. However, care must be taken when using this source as there is sometimes inaccuracy in the location of listings, which could distort analysis of the geography of values.

3.54 Table 23 details advertised rents (providing a December 2015 snapshot) for some of Gravesham's key settlements, as was undertaken previously for asking prices. This table details advertised rents by number of bedrooms. Red and blue shading is applied to the highest and lowest value for each bedroom size respectively. The data is based on a total of 74 properties, which is a smaller sample than for the earlier analysis of asking prices. This makes it more difficult to identify clear patterns in highest and lowest rent levels, where one over or under-valued property could more significantly impact the average rent level. It therefore reduces the reliability of the advertised rents analysis. The same caveats apply to these advertised rents as did to advertised asking prices, where there are a particularly small number of properties on the market in certain areas, and where the data is not reflective of stock quality, type or age.

3.55 Table 23 shows how few properties are being marketed to rent in Gravesham's rural villages, indicating a weak rental market in this area. The few properties that are available have significantly higher asking rents than those in the borough's urban area. The exception to this is the highest asking rent for 4 bedroom properties in Gravesend, however this is compared with properties in only one other area (the urban Northfleet), with no 4 bedroom properties advertised to rent in the rural locations in the Borough at this snapshot in time.

3.56 It must be noted that because the data is based on a very small sample, reflective of the snapshot taken in December 2015, it may be skewed. The small sample size is reflective of

3.57 When analysing the variance between Gravesham's urban areas, Gravesend has marginally higher asking prices than Northfleet, with the exception of 1 bed properties, where Gravesend has a slightly lower price, and 5 bed properties where none are currently being marketed in any areas considered.

Table 23 – Advertised Rents (Zoopla – December 2015)

	1 bed	2 bed	3 bed	4 bed	5 bed	Number of properties
Gravesend	£654	£847	£1,141	£1,287	n/a	**40**
Northfleet	£656	£839	£1,099	£1,285	n/a	**30**
Meopham	n/a	£949	£1,950	n/a	n/a	**3**
Istead Rise	n/a	n/a	n/a	n/a	n/a	**0**
Cobham	n/a	n/a	n/a	n/a	n/a	**0**
Shorne	n/a	n/a	n/a	n/a	n/a	**0**
Higham	£750	n/a	n/a	n/a	n/a	**1**

Source: Zoopla UK Area Stats, 2015 (http://www.zoopla.co.uk/market/uk/)

3.58 It should be re-emphasised here, as was set out in relation to the analysis of asking prices, that the fluctuating nature of the residential property market means that the number of properties advertised and their size and asking rents may very significantly from month to month. However, this must be accepted as a consequence of any property market analysis.

Agent Consultation – Lettings

3.59 As part of researching private rental trends, the following letting agents were consulted[10]:-

1. **Your Move** (Gravesend / Northfleet);
2. **Mann** (Gravesend / Northfleet);

3.60 The consultation sought to understand the local lettings market at the time of the survey (August 2015), including the profile of renters and rental prices. All agents consulted mainly worked in the Gravesend area, and therefore consultation focused on the Gravesend lettings market. Table 23 shows the lettings market outside of Gravesham's urbanised area to be minimal, whereby at August 2015, for example, there were only 3 properties on the market in Meopham. Therefore, whilst multiple attempts were made across the range of residential lettings agents based throughout Gravesham, Bilfinger BGVA has been unable to make contact with relevant agents to discuss the lettings market outside of the urban area.

[10] It should be noted that more agents were approached, however only these two took part in the consultation.

Values

3.61 Agents were asked to provide a range of values for typical house types in their area, detailed in the table below. It should be noted that this is difficult for agents to provide, since rental values are so much determined by the location and specification of individual properties. The below however provides a general indication of the value range in Gravesend, ranging from the minimum of £600 pcm for a 1 bed flat, to £1,400 pcm for a 4 bed house.

Table 24 - Minimum and Maximum Rental Values by Property Type, Agent Consultation April 2015

	1 bed Flat	2 bed Flat	2 bed House	3 Bed House	4 bed house
Gravesham / Northfleet					
Min	£600	£750	£800	£950	£1,350
Max	£750	£900	£900	£1,200	£1,400
Average	**£675**	**£825**	**£850**	**£1,075**	**£1,375**

Source: BGVA Agent Consultation, 2015

3.62 Agents agreed that the market was buoyant at this time, and properties were able to achieve good prices.

Tenant Profile

3.63 All agents agreed that there was demand from a range of tenants across the borough, including single people, young couples and families. Demand would largely depend on the subject property, including its size and price band. For example; 3 bed properties towards the more affordable end of the price range would be in demand from younger families, whilst more expensive 3 beds would usually attract older family units.

Origin of new tenants

3.64 Agents from across the Borough noted a significant recent demand from people moving into Gravesham from London, in addition to local tenants. It was felt that this was largely due to improved rail links and rising prices in London, meaning that even with the cost of commuting into London, people could get 'more for their money'.

Property Demand (size, type, sub-location)

3.65 Because of the range of demand from different household types, agents agreed that there was good demand across the range of property types and sizes. One agent commented in particular that two beds were becoming increasingly popular because they were able to suit a range of households – from couples to 'starter' families.

3.66 When asked about demand in terms of locations in the Borough, agents agreed again that this depended on the tenant type. Near town centre / train station locations were popular with commuters and younger households, but families were more guided by school catchment areas. One agent also commented that London Paramount was having and would continue to have an impact on demand, particularly in the west. However, agents generally reflected that because the demand is so high, all areas were popular.

Market Activity

3.67 All agents spoke of a strong market in terms of demand; renters outstripped supply meaning that properties let quickly once advertised. For example, one agent explained that they had 50 households on their books looking for properties, but only 7 to offer. This meant that properties only took between 2 days and a week to let. The agent felt that the current lack of stock was due to the recent increase in property prices which meant that a) landlords had chosen to sell their properties rather than continue to let them and b) buy to let landlords were priced out of buying new properties, unable to compete with the owner-occupier market.

3.68 The key themes drawn from agent consultation were:

- The Gravesham lettings market is concentrated within the urban Gravesend area;
- Agents agreed that the market was buoyant at this time, and properties were able to achieve good prices;
- There is demand from a range of tenants. The demand for particular properties is dependent on its specific characteristics;
- Agents from across the Borough noted a significant recent demand from people moving into the Gravesham from London due to improved rail links and London's high prices;
- Because of the range of demand from different household types, agents agreed that there was good demand across the range of property types, sizes and locations;
- Demand outstripped supply, meaning that properties let very quickly when they came onto the market.

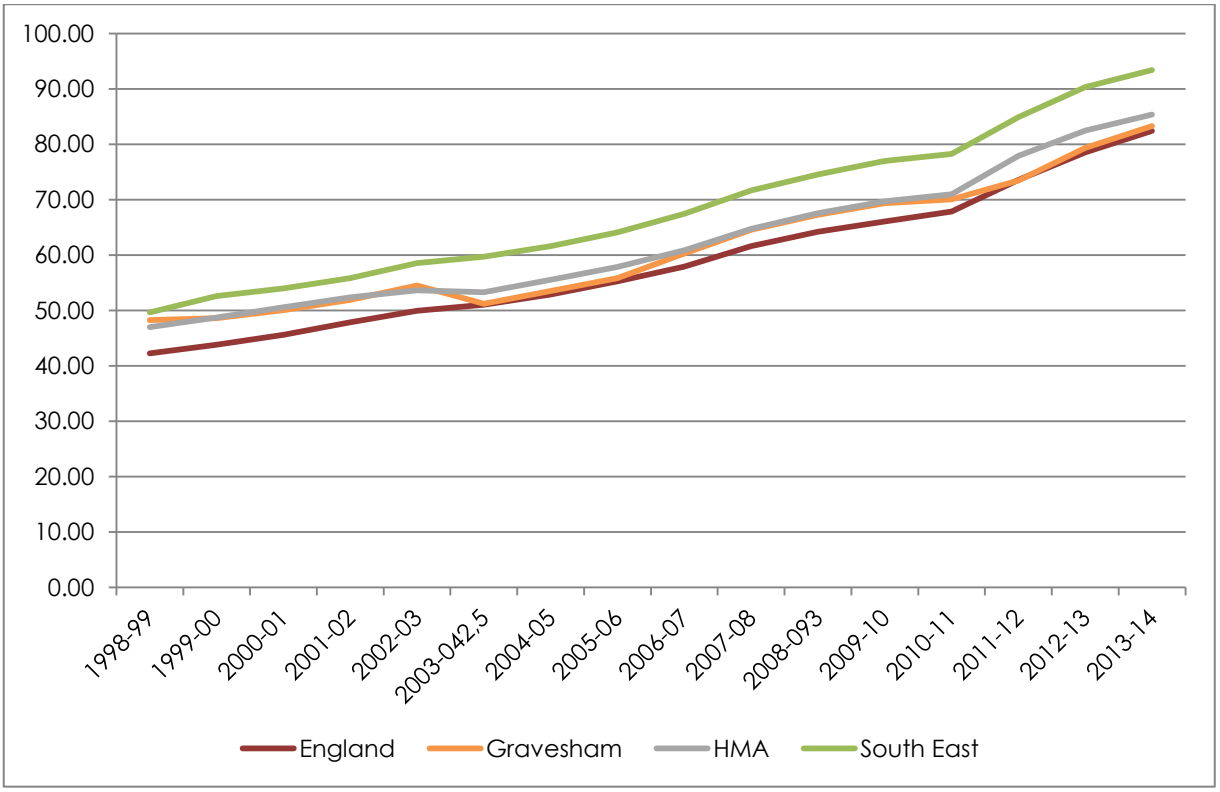
Social Rented Sector

3.69 The social rented sector by its nature operates differently from both the owner occupier and private rented sectors. The tenure is intended to address the housing needs of local people who are unable to meet their housing needs in the local housing market because of the relationship between costs and incomes.

3.70 Change in local authority and registered provider average weekly rents over the period from 1998 to 2014 are shown in Figure 18 and Figure 19.

3.71 There is close alignment between local authority weekly rents for Gravesham and England, which in 2013-14 were £83.26 and £82.44 respectively. Rents in Gravesham where slightly lower than in Gravesham's HMA (£85.37), and significantly lower than in the South East region (£93.41). In general, since 1998 Gravesham has tracked slightly above the national level and below Gravesham's HMA and the South East region level.

Figure 18 – Local Authority Weekly Rents (1998 – 2014)

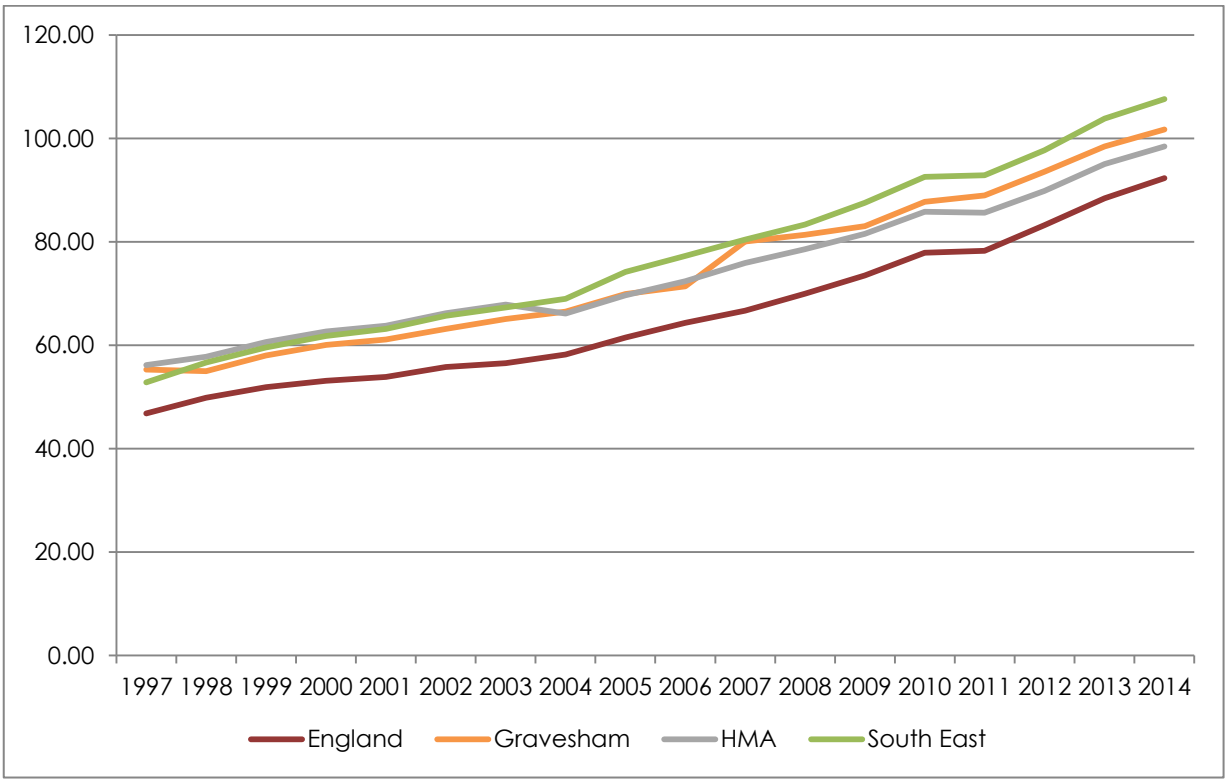


Source: CLG Live Table 702, 2014

3.72 For registered provider (RP) weekly rents the average level in 2014 for Gravesham was £101.69, compared with £101.02 for Gravesham's HMA, £107.62 for the South East region, and £92.30 for England.

3.73 The RP weekly rents for Gravesham, Gravesham's HMA and the South East region have tracked very closely throughout the period since 1998. These levels have been significantly above the average weekly rents for England throughout the entire period, although this gap has become smaller, falling from 18% in 1998 to 10% in 2014.

Figure 19 – Registered Provider Weekly Rents (1998 – 2014)



Source: CLG, Live Table 704, 2014

Social Housing Waiting Lists

3.74 The Gravesham Housing Register is based on four bandings, Band A, B, C and D. Full information about these bandings and their criteria is set out in the Gravesham Borough Council Housing Allocations Policy 2014[11] and Appendix 4 of this Report.

3.75 Bands A, B and C are defined as being the priority bands, containing reasonable preference households who are in priority housing need. The households categorised within these three bands include (but are not limited to) those who are; homeless or living in temporary accommodation, who have a medical priority, and who are substantially over or under-occupying a Council property. Band A contains households with the highest level of prioritised housing need, followed by Band B, and Band C.

3.76 In comparison, Band D is not a priority band, and the home seekers within it do not have prioritised housing need. As such, for the purpose of the affordable housing requirement calculations in Section 6 of this Report, the figure for current affordable housing need in Gravesham includes the households in Bands A-C, but does not include the households in Band D of the housing register.

[11] http://www.gravesham.gov.uk/__data/assets/pdf_file/0011/185879/Housing-Allocations-Policy.pdf

Need by Band and Bedroom Requirements

3.77 Table 25 shows the number of people on Gravesham's Housing Register across all Bands, divided by banding and bedroom categories. The figures shown in this table include transfers (which are household movements occurring within the social housing stock). There are a total of 640 transfers included within these figures, but to avoid double counting transfers are excluded which means the total on the housing register reduces from 2,532 to 1,892, as shown in Table 26. There are 59 transfers within Band A, 136 transfers within Band B, 189 transfers within Band C and 256 transfers within Band D.

3.78 The exclusion of transfers when considering the housing register is important in preparation for the affordable requirements calculation within this study, despite their relevance to the profile of stock required within the Borough. This is because when calculating current housing need and future housing need as part of the affordable housing need calculation, transfers have a zero net effect on housing need because they occupy an affordable property as well as releasing one for another household to occupy.

Table 25 - Housing Register by Band and Bedroom need (Including Transfers)

	Band A	Band B	Band C	Band D	Totals
1 bed	70	169	521	460	**1220**
2 bed	30	173	315	365	**883**
3 bed	10	25	101	160	**296**
4+ bed	3	20	71	39	**133**
Total	**113**	**387**	**1008**	**1024**	**2532**

Source: Gravesham Borough Council, 2015

Table 26 - Housing Register by Band and Bedroom Need (Excluding Transfers)

	Band A	Band B	Band C	Band D	Totals
1 bed	15	118	474	335	**942**
2 bed	28	109	232	295	**664**
3 bed	8	18	77	112	**215**
4+ bed	3	6	36	26	**71**
Total	**54**	**251**	**819**	**768**	**1892**

Source: Gravesham Borough Council, 2015

3.79 Table 27 shows the number and proportion of households within each band of the housing register. This shows that the Band C and Band D have the highest proportion of those on the housing register, both with 40% (although Band D includes 16 more households than Band C), followed by Band B with 15% and Band A with 4%. Only 19% of those on the register are

identified as high priority at this snapshot (within the higher priority Bands A and B), however bandings are continuously subject to change based on changing circumstances.

Table 27 - Housing Register Band Proportions Including Transfers

	Households on Housing Register	% of Total Housing Register
Band A	113	4%
Band B	387	15%
Band C	1008	40%
Band D	1024	40%
Total	**2532**	**100%**

Source: Gravesham Borough Council, 2015

3.80 Considering the inclusion of only Bands A-C as priority need in the affordable housing requirement calculations (detailed above in 3.76), Table 28 shows the priority need households in Bands A - C of the housing register, divided by banding and bedroom categories. There are a total of 1,124 households identified as being in priority housing need in Gravesham. It should be noted that in some cases applicants can be placed in lower priority bans whilst their circumstances are being assessed, and may then be moved into a band of 'higher priority' need at a later date.

Table 28 - Priority Need Housing Register (Excluding Transfers)

	Band A	Band B	Band C	Totals
1 bed	15	118	474	**607**
2 bed	28	109	232	**369**
3 bed	8	18	77	**103**
4+ bed	3	6	36	**45**
Total	**54**	**251**	**819**	**1,124**

Source: Gravesham Borough Council, 2015

3.81 Significant pressure has been applied to the social housing market, correlating with the economic downturn which affected employment levels and development rates. Reforms to housing benefit introduced in April 2013 (alongside other benefit reforms) have seen payments capped at £500 per week[12] or £350 per week[13], whilst social landlords are now able to set maximum rent at 80% of open market values (on new build homes funded from 2012 to 2018 with government funding and also in relation to a percentage of existing stock). This benefit cap presents problems in relation to both the public and private sectors, however the problem is felt more severely in relation to the private sector. The problem is also likely to worsen in light of the Government's intention to reduce benefit payments further from April 2016 to £23,000 in London and £20,000 outside of London. This would equate to payments capped at £385

[12] For couples (with or without children living with them) and single parents whose children live with them
[13] For single adults who do not have children, or whose children do not live with them

outside London and £442 within London (rather than £500 per week), and £258 outside London and £296 within London (rather than £350 per week).

3.82 The wider introduction of new policy directives, such as the benefit cap, and more general welfare reform i.e. the introduction of universal credit, will fundamentally impact on the role of the social rented tenure in relation to the private rented sector. This is discussed fully in a later section.

4. Access to Housing

4.1 The operation of the housing market is dependent upon households being able to move both within and between tenures. The ability of households to exercise choice and realise their aspirations for moving is predicated upon the relationship between both the active market elements assessed above, but also income.

4.2 High property prices relative to incomes and a lack of access to mortgage products are the driving factor that limits the ability of households to enter the owner-occupier tenure. This in turn has implications for both the private rented and social rented market.

Mortgage Finance

4.3 One of the underlying drivers behind the lack of mobility in the housing market, in particular the owner-occupier market, remains the constraint on mortgage finance by financial lending institutions (banks and building societies) since the 'credit crunch' in 2008, with the removal of all 100%, 95% and the majority of 90% mortgage products from the market. However, these products are being reintroduced, particularly driven by home ownership schemes such as the government backed NewBuy scheme (with a minimum 5% deposit requirement) and Help To Buy Scheme (with a minimum 5% deposit requirement and maximum 20% government loan on new build properties with a purchase price of up to £600,000).

4.4 Despite signs of recent improvement, the constraints on mortgage finance are likely to remain, at least in the short term, impacting significantly on the ability of households to purchase housing. This is particularly true of those areas where house prices are higher, with incomes on the whole continuing to show modest growth linked to the current slow economic climate and Consumer Price Inflation (CPI) inflation remaining above Monetary Policy Committee (MPC) targets over the long term (although this trend has weakened in recent months with CPI falling to close to 0% in June/July).

4.5 Table 29 below provides examples of current offers in the mortgage market. Despite the historically low Bank of England Base Rate, lenders are generally charging more to those with lower deposits to borrow. While this has always been the case it is more so in the current lending environment. However, there are some better rates available for lower loan to value products. Whilst rates generally remain low should they rise in the future, there is likely to be increased pressure on mortgage holders and seekers.

4.6 The mortgage offers with lower Loan To Value (LTV) ratios require a higher initial deposit than those with a higher ratio, however, the monthly payments are significantly reduced. Other mortgage costs aside from the deposit and monthly payments must also be noted, such as

survey and legal costs and mortgage set up fees, which are not included within this note's calculations.

Table 29 - UK Mortgage Comparisons

Mortgage Finance – Compare Best Mortgages Results (June 2015)					
Supplier	**Initial Interest rate**	**Subsequent Interest rate**	**Period**	**Mortgage Type**	**Loan to Value**
HSBC	0.99%	3.94%	2 year	Variable	60%
Yorkshire Building Society	1.29%	4.99%	2 year	Fixed	65%
Chelsea Building Society	3.04%	4.95%	2 year	Fixed	90%
Chelsea Building Society	1.99%	5.45%	3 year	Fixed	75%
Leeds Building Society	2.24%	5.69%	3 year	Fixed	80%
Nationwide	5.04%	3.99%	5 year	Fixed	95%
Post Office	4.89%	4.49%	5 year	Fixed	95%
TSB	3.49%	3.99%	5 year	Fixed	85%
Natwest	2.58%	4.00%	5 year	Fixed	70%
Nationwide	3.14%	3.99%	10 year	Fixed	60%
HSBC	3.79%	-	Lifetime	Tracker	90%

Source: money.co.uk - June 2015

4.7 Table 30 illustrates monthly repayment and endowment mortgage costs, for 25 year mortgages for Lower Quartile priced homes. These calculations assume:

- Lender requires a minimum deposit of 5%;
- Buyer qualifies for the standard interest rate available;
- 25 year repayment period

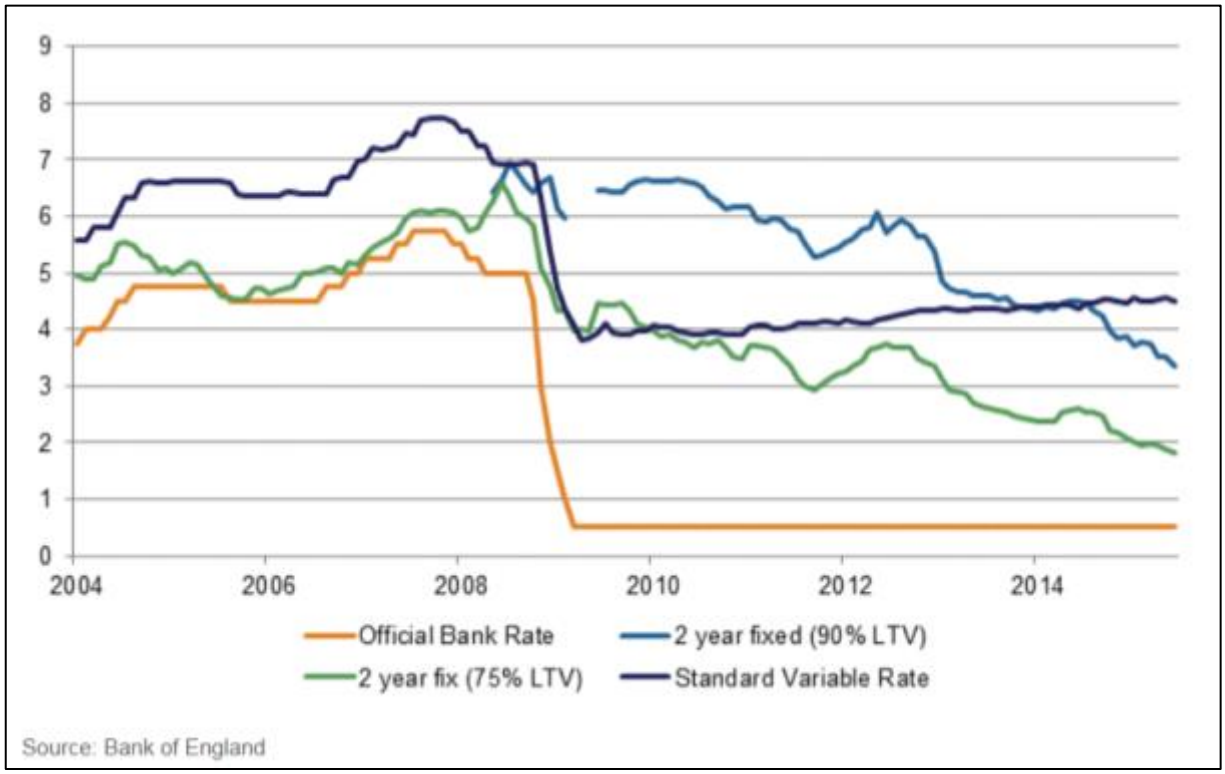
There may be certain requirements for indemnity or other payments, which are not included within the above.

4.8 The standard interest rate in this calculation is assumed to be 4%. There is variation in the snapshot of initial and subsequent interest rates shown in Table 29, which will have an influence on affordability (with higher interest rates reducing affordability levels). However, the variability and continual fluctuations evident in mortgage rates supports the appropriateness of considering an average interest rate level.

4.9 The Council of Mortgage Lenders have produced several charts tracking mortgage rates and interest rates over the period from 2004 – 2014, which are useful and relevant here.

4.10 Figure 20 below emphasises the fluctuation in fixed term mortgages. This shows that since approximately 2009 these fixed term mortgage rate trends have not reflected the static 0.5% official bank rate, whereas the standard variable rate shows a more consistent trend.

Figure 20 - Typical New Mortgage Rates Relative to Bank Rate

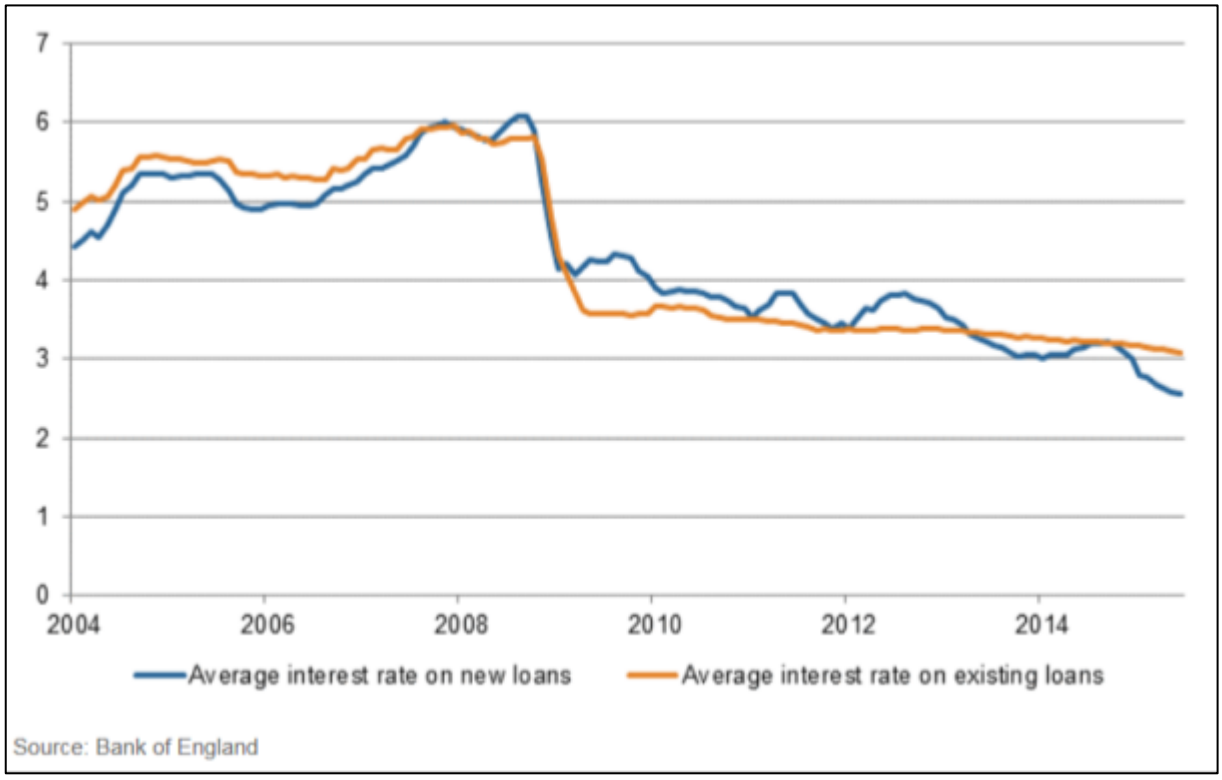


Source: Council of Mortgage Lenders (https://www.cml.org.uk/news/five-things-you-need-to-know-about-mortgage-rates/)

4.11 Figure 21 shows the trend for interest rates on new and existing loans, with significant fluctuation between approximately 2.5% - 6% over the 10 year period. This chart is based on Bank of England data, and when analysing this monthly data from 2004-2014 there is a combined average interest rate across re-mortgages and new mortgages of 4%.

4.12 This justifies the adoption of a 4% interest rate in the context of the mortgage repayments calculated within this SHMA report.

Figure 21 - Average Interest Rate on New and Existing Mortgages



Source: Council of Mortgage Lenders (https://www.cml.org.uk/news/five-things-you-need-to-know-about-mortgage-rates/)

Table 30 - Typical mortgage repayment with LQ house price purchase

Lower quartile average house price	LTV	Assumed deposit	Mortgage advance	Interest rate	Typical Repayment period	Monthly payments
£145,000	60%	£58,000	£87,000	4%	25 years	£459.22
£145,000	65%	£50,750	£94,250	4%	25 years	£497.49
£145,000	70%	£43,500	£101,500	4%	25 years	£535.75
£145,000	**75%**	**£36,250**	**£108,750**	**4%**	**25 years**	**£574.02**
£145,000	80%	£29,000	£116,000	4%	25 years	£612.29
£145,000	85%	£21,750	£123,250	4%	25 years	£650.56
£145,000	**90%**	**£14,500**	**£130,500**	**4%**	**25 years**	**£688.83**
£145,000	95%	£7,250	£137,750	4%	25 years	£727.10

4.13 In relation to mortgage affordability, mortgage lenders now place a cap on the loan-to-income ratio at which someone can borrow, which is a maximum of 4.5 times their income. Lenders must also now undertake an affordability assessment (a requirement introduced by the Financial Conduct Authority in 2014). This involves assessing the affordability of monthly payments in relation to incomes and personal and living expenses, in order to "stress test your

ability to repay the mortgage", considering long-term interest rate trends and other influencing factors[14]. When considering an appropriate borrowing amount, lenders consider applicant's income levels, outgoings, and potential future influencing factors such as increasing interest rates, job security, illness and lifestyle changes[15].

4.14 The costs of servicing a typical repayment mortgage on a Lower Quartile house in Gravesham with a 75% LTV mortgage would be in the region of £574 per month, with the important caveat that the potential buyer would need to have access to a deposit of approximately £36,250.

4.15 The costs of servicing a typical repayment mortgage on a Lower Quartile house in Gravesham with a 90% LTV mortgage would be in the region of £689 per month, with the important caveat that the potential buyer would need to have access to a deposit of approximately £14,500.

4.16 The minimum deposit required to attain a mortgage of any type for the purchase of a property would be £7,250, however this comes with monthly payments in the region of £727.

Income Levels

4.17 Income levels are directly related to employment opportunities and have an important relationship with the ability of households to exercise choice in the housing market and indeed the level of need for affordable housing products. Data on gross household income levels has been sourced from CACI.

4.18 Earnings data sourced from the Annual Survey of Hours and Earnings (ASHE) is analysed in the NK SHENA Baseline report, alongside income data sourced from CACI. Here the CACI income data is reiterated as it is most relevant to the following understanding of affordability and access to housing tenures.

4.19 In 2014 Gravesham households had mean and lower quartile incomes of approximately £36,761 and £15,708 respectively.

4.20 Table 31 and Figure 22 show the income distribution of Gravesham in £5,000 increments. For Gravesham the majority of households have an income towards the lower end of the income spectrum, with 34.3% of households having incomes below £20,000 per annum, 51.4% below £30,000 and 65.3% below £40,000 per annum.

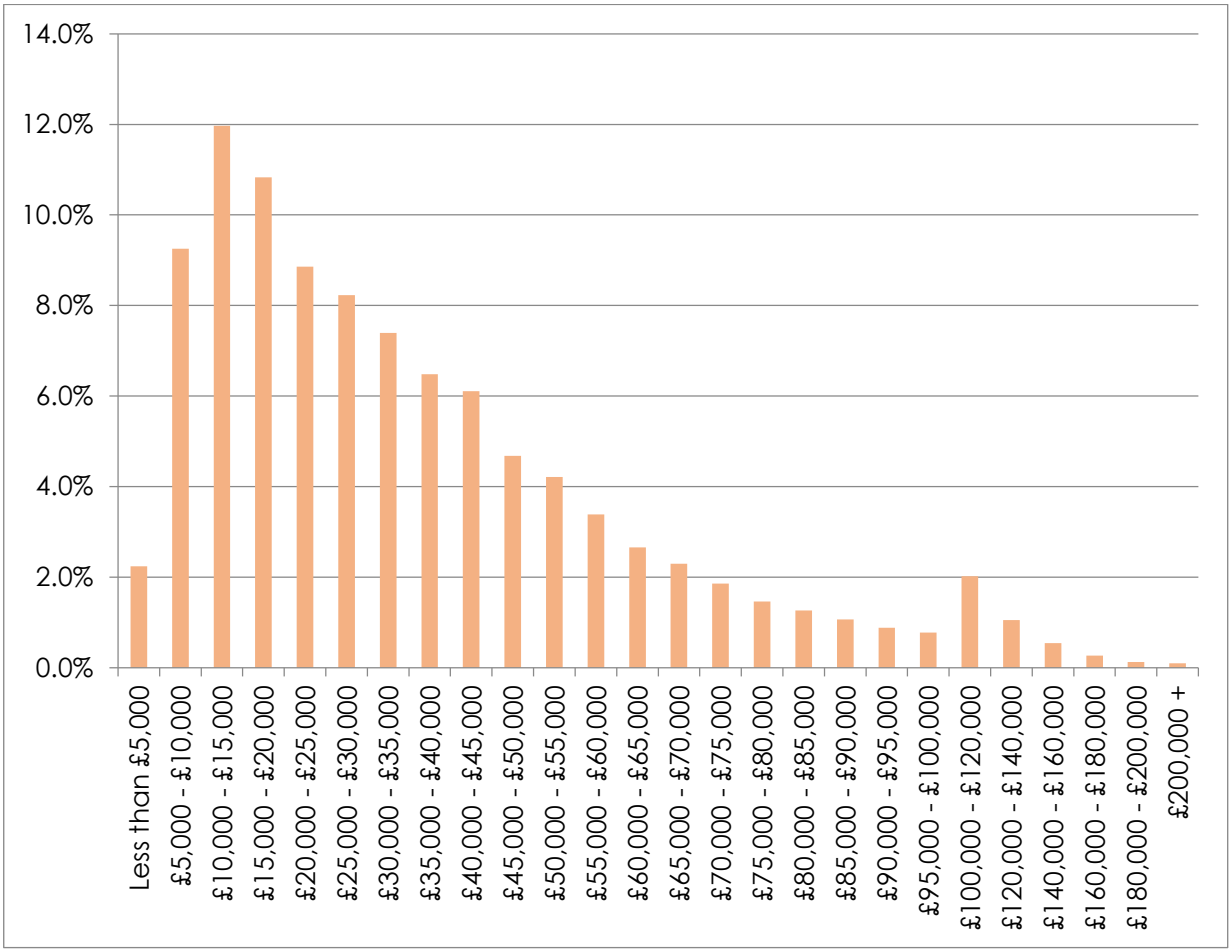
[14] The Money Advice Service: https://www.moneyadviceservice.org.uk/en/articles/how-much-can-you-afford-to-borrow
[15] The Money Advice Service: https://www.moneyadviceservice.org.uk/en/articles/how-much-can-you-afford-to-borrow

Table 31 - Gravesham household income levels

Household Income Band	No. of Households	% of Households
Less than £5,000	923	2.2%
£5,000 - £10,000	3,815	9.3%
£10,000 - £15,000	4,934	12.0%
£15,000 - £20,000	4,463	10.8%
£20,000 - £25,000	3,651	8.9%
£25,000 - £30,000	3,391	8.2%
£30,000 - £35,000	3,046	7.4%
£35,000 - £40,000	2,672	6.5%
£40,000 - £45,000	2,517	6.1%
£45,000 - £50,000	1,929	4.7%
£50,000 - £55,000	1,735	4.2%
£55,000 - £60,000	1,395	3.4%
£60,000 - £65,000	1,095	2.7%
£65,000 - £70,000	947	2.3%
£70,000 - £75,000	766	1.9%
£75,000 - £80,000	602	1.5%
£80,000 - £85,000	522	1.3%
£85,000 - £90,000	439	1.1%
£90,000 - £95,000	364	0.9%
£95,000 - £100,000	319	0.8%
£100,000 - £120,000	832	2.0%
£120,000 - £140,000	432	1.0%
£140,000 - £160,000	223	0.5%
£160,000 - £180,000	111	0.3%
£180,000 - £200,000	53	0.1%
£200,000 +	41	0.1%
Total Households	**41,216**	**100%**

Source: CACI, 2015

Figure 22 – Gravesham household income levels



Source: CACI, 2015

Affordability

4.21 Assessing affordability involves comparing housing costs against the ability to pay. CLG produces annual affordability ratios for median and lower quartile earnings to house prices. The ratios are calculated by dividing average and lower quartile house prices by average and lower quartile earnings. As an area's affordability ratio increases, its affordability to local people decreases.

4.22 The median affordability ratio differs from the lower quartile affordability in that it assesses a higher level of wages against a higher cost of housing. It can therefore be viewed as a proxy for those wishing to move up the property ladder rather than those wanting to move on to it, represented by lower quartile affordability.

4.23 Whilst these affordability ratios are explained here, analysis of these affordability measures is undertaken in Section 5, Objectively Assessed Housing Need, as part of its market signals analysis.

4.24 Providing a qualitative understanding of affordability in Gravesham, the 2015 Gravesham Housing Needs Survey (HNS) asked respondents how concerned they are about their ability to pay their rent or mortgage. 17.1% of respondents indicated they are 'fairly concerned' about meeting these costs (55 respondents) and 4.0% of respondents indicated they are 'very concerned' (13 respondents). Whilst the majority are not concerned about meeting these costs, this shows a notable proportion is concerned. This proportion is likely to be reflected across the wider Gravesham population, and which future affordable housing provision in the Gravesham may need to address.

Benchmarking Access to Different Housing Tenures

4.25 The CLG SHMA guidance (August 2007) suggests a number of critical levels to test against income in order to evaluate the extent of the issue of affordability, which are still considered useful and relevant here. The two core elements are:

- Assessing whether a household can afford to buy a home; and
- Assessing whether a household can afford to rent a home.

4.26 A series of key assumptions used in the benchmarking assessment of these elements are set out below, in line with the standardised assumptions for assessing affordability recommended in the 2007 SHMA Guidance

- Lower Quartile house prices are utilised to represent lower market entry properties;
- An individual with a single income is considered able to buy a home if it costs 3.5 times the gross household income;
- Couples/families in dual-income households are considered able to buy a home if it costs 2.9 times the gross households income;
- A household is considered able to afford market housing in cases where the rent payable would constitute no more than 25% of their gross household income;
- 'Rent payable' is defined as the entire rent due, even if it is partially or entirely met by housing benefit;
- Local circumstances could justify variation from the application of the level of 25% of gross household income; and
- Annual social housing rents are calculated from an average taken of Registered Providers rental levels.

4.27 The CLG guidance advocates an affordability multiplier of 3.5x/2.9x (or 28.6%/34.5%) household income to act as a threshold for households to access open market housing (lower quartile owner occupation) and where the rent payable would constitute no more than 25% of their gross household income.

4.28 However, house prices in the South East can be significantly higher than the rest of the UK and this is not necessarily reflected to the same extent in household income. This should be taken into account when considering Gravesham's context, particularly in light of the current economic climate and mortgage finance accessibility. This results in the conclusion that in the case of Gravesham the affordability multiplier should not be restrained by the figures of 25% of gross household income for rental payment and 3.5x/2.9x household income for home purchase. However, these national measures are still important to understand as they reflect the impact of housing costs on quality of life.

4.29 Whilst these figures provide useful affordability guidance, the introduction of the Planning Practice Guidance (NPPG) means they have technically been archived and replaced, with the new NPPG not specifying an affordability threshold. Therefore, it is reasonable to consider a slightly higher proportion of income spend if appropriate within the context of the Gravesham Borough.

4.30 This study has applied a range of affordability sensitivities to ascertain the appropriate affordability threshold to Gravesham, which are:

- Affordability threshold of maximum spend on housing (purchase and rental) of 25% of household income;
- Affordability threshold of maximum spend on housing (purchase and rental) of 30% of household income; and
- Affordability threshold of maximum spend on housing (purchase and rental) of 35% of household income.

4.31 This alternative measure of ability to buy a home assumes that a bank will advance mortgage funding if the mortgage repayments represent no more than 35% of a household's gross income. Similarly rental costs' affordability are also benchmarked against 35% of household income.

4.32 The 30% and 35% sensitivities reflect the localised housing pressures and issues within the South East region and particularly within Gravesham's HMA. National housing charity Shelter defines a 40% level of income spend for affordability16, although this includes insurance, service charges, maintenance, repairs, taxes and cost of utilities within this housing costs indicator.

4.33 35% is a significant proportion of income to spend on housing, and whilst it should not be considered the definitive threshold to assessing need, it does represent a level of spend which some households in the authority area may be forced to adopt, and seems reasonable in the context of Shelter's identification of a 40% affordability level. It is therefore retained as a relevant affordability scenario within this analysis.

[16] media.shelter.org.uk/home/press-releases/uk_third_least_affordable_in_europe_for_housing_costs

4.34 Table 32 shows benchmark values for lower quartile market entry and rental, affordable rental tenures and social rental tenures. The 2 & 3 bedroom properties within the market and affordable tenures are most relevant for consideration in Gravesham (based on the analysis of stock profile by number of bedrooms in the Baseline Report) and form the basis of the sensitivity analyses for benchmarking affordability.

4.35 For renting 2&3 bedroom properties, the social rented tenure provide the lowest annual housing cost (£4,330 for Local Authority and £5,288 for Registered Providers). These levels are lower than for affordable and market rent.

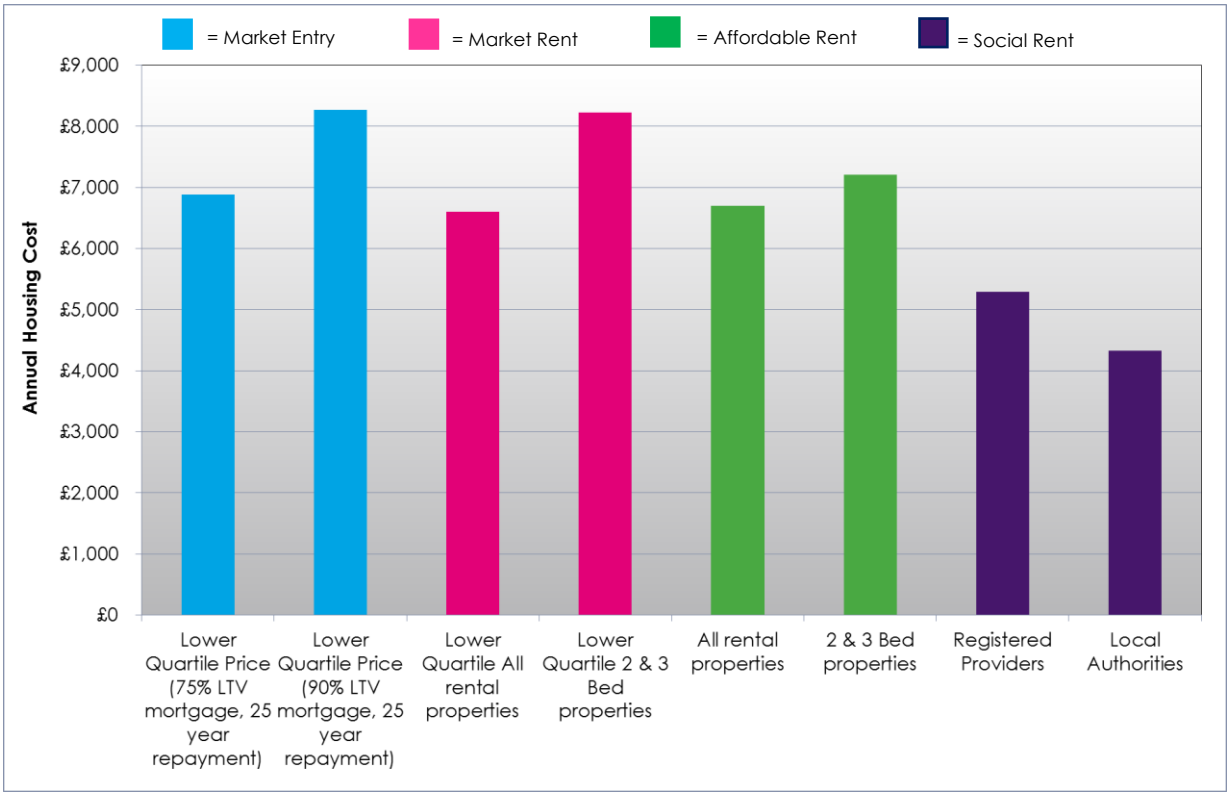
4.36 For purchasing a 2 & 3 bedroom property, the benchmark with a 75% LTV ratio mortgage repaid over 25 years has the lowest annual cost of £6,888, however this is dependent on the ability to pay a deposit figure of £36,500. Market entry with a 90% LTV ratio mortgage repaid over 25 years has an annual cost of £8,268, dependent on the ability to pay a deposit figure of £14,500.

4.37 Having benchmarked these tenures, Table 33, Table 34 and Table 35 show the sensitivity analysis for affordability with 25%, 30% and 35% of household income applied to housing costs.

Table 32 - Gravesham Benchmark Property Values

	Benchmark Property Values		
	House Price	Average Monthly Rent	Annual Cost
Market Entry			
Lower Quartile Price (75% LTV mortgage, 25 year repayment)	£145,000	n/a	£6,888
Lower Quartile Price (90% LTV mortgage, 25 year repayment)	£145,000	n/a	£8,268
Market Rented			
Lower Quartile All rental properties	n/a	£550	£6,600
Lower Quartile 2 & 3 Bed properties	n/a	£686	£8,232
Affordable Rent (80% of mean average market rent)			
All rental properties	n/a	£558	£6,696
1 Bed rental properties	n/a	£444	£5,328
2 Bed rental properties	n/a	£558	£6,696
3 Bed rental properties	n/a	£662	£7,944
4 or more Bed properties	n/a	£1,085	£13,020
2 & 3 Bed properties	n/a	£601	£7,212
Social Rented			
Registered Providers (RP)	n/a	£441	£5,288
Local Authorities (LA)	n/a	£361	£4,330

Figure 23 - Benchmark Values for Properties of Different Tenures



Source: BGVA, 2015

4.38 Under the 25% spend assumption, 49% of households in Gravesham can afford to purchase a house (at the LQ average house price of £145,000) assuming a mortgage with a 75% LTV ratio, requiring an annual income of £27,552. However, this also assumes the ability to pay the assumed deposit of £36,500. 41% of households can afford to purchase assuming a mortgage with a 90% LTV ratio, requiring an annual income of £33,072, and assuming payment of a £14,500 deposit.

4.39 41% of households can afford market rent for 2 & 3 bedroom properties, requiring an annual income of £32,928. Affordable rent tenures are available to 49% of households when based on 80% of mean and median market rent. Social rent tenures are available to 57% of households when based on RP social rent and 66% of households when based on LA social rent. There are no additional deposit expenses for market and affordable rent (with the exception of a small proportion for market rent, with letting agent fees, holding deposits etc.). These additional expenses are not taken into account as part of this analysis due to the significant variation in deposit levels and letting agent's fees, which means there is no accurate base assumption to inform their inclusion.

Table 33 - Sensitivity 1a: Affordability of up to 25% of Household Income

	House Purchase 1 - 75% LTV mortgage	House Purchase 2 - 90% LTV mortgage	Market Rent (2 & 3 bedroom)	Affordable Rent 1 (80% of Mean market rent - £752) (2 & 3 bedroom)	Affordable Rent 2 (80% of Median market rent - £753) (2 & 3 bedroom)	Social Rent (Registered Provider)	Social Rent (Local Authority)
Monthly payment	574	689	686	601	602	441	361
Annual payment	6,888	8,268	8,232	7,212	7,224	5,288	4,330
Max. percentage of income	25%	25%	25%	25%	25%	25%	25%
Required monthly income	2,296	2,756	2,744	2,404	2,408	1,764	1,444
Required annual income	**27,552**	**33,072**	**32,928**	**28,848**	**28,896**	**21,168**	**17,328**
CACI household income band which contains 'required annual income'	25,000 - 30,000	30,000 - 35,000	30,000 - 35,000	25,000 - 30,000	25,000 - 30,000	20,000 - 25,000	15,000 - 20,000
Number of Households within and below income band	21,176	24,223	24,223	21,176	21,176	17,786	14,135
Total number of Households	41,216	41,216	41,216	41,216	41,216	41,216	41,216
% of households who cannot afford annual payment	**51%**	**59%**	**59%**	**51%**	**51%**	**43%**	**34%**

Source: BGVA, 2015

4.40 Under the 30% spend assumption, 57% of households in Gravesham can afford to purchase a house (at the LQ average house price of £145,000) assuming a mortgage with a 75% LTV ratio, requiring an annual income of £22,960. However, this also assumes the ability to pay the assumed deposit of £36,500. 49% of households can afford to purchase assuming a mortgage with a 90% LTV ratio, requiring an annual income of £27,560, and assuming payment of a £14,500 deposit.

4.41 49% of households can afford market rent for 2 & 3 bedroom properties, requiring an annual income of £27,440. Affordable rent tenures are available to 57% of households when based on 80% of mean and median market rent. Social rent tenures are available to 66% of households when based on RP social rent and 77% of households when based on LA social

rent. There are no additional deposit expenses for market and affordable rent (with the exception of a small proportion for market rent, with letting agent fees, holding deposits etc.).

Table 34 - Sensitivity 2a: Affordability of up to 30% of Household Income

	House Purchase 1-75% LTV mortgage	House Purchase 2 -90% LTV mortgage	Market Rent (2 & 3 bedroom)	Affordable Rent 1 (80% of Mean market rent - £752) (2 & 3 bedroom)	Affordable Rent 2 (80% of Median market rent - £743) (2 & 3 bedroom)	Social Rent (RP)	Social Rent (LA)
Monthly payment	574	689	686	601	602	441	361
Annual payment	6,888	8,268	8,232	7,212	7,224	5,288	4,330
Max. percentage of income	30%	30%	30%	30%	30%	30%	30%
Required monthly income	1,913	2,297	2,287	2,003	2,007	1,470	1,203
Required annual income	**22,960**	**27,560**	**27,440**	**24,040**	**24,080**	**17,640**	**14,440**
CACI household income band which contains 'required annual income'	20,000 - 25,000	25,000 - 30,000	25,000 - 30,000	20,000 - 25,000	20,000 - 25,000	15,000 - 20,000	10,000 - 15,000
Number of Households within and below income band	17,786	21,176	21,176	17,786	17,786	14,135	9,672
Total number of Households	41,216	41,216	41,216	41,216	41,216	41,216	41,216
% of households who cannot afford annual payment	**43%**	**51%**	**51%**	**43%**	**43%**	**34%**	**23%**

Source: BGVA, 2015

4.42 Under the 35% spend assumption, 66% of households in Gravesham can afford to purchase a house (at the LQ average house price of £145,000) assuming a mortgage with a 75% LTV ratio, requiring an annual income of £19,680. However, this also assumes the ability to pay the assumed deposit of £36,500. 57% of households can afford to purchase assuming a mortgage with a 90% LTV ratio, requiring an annual income of £23,623, and assuming payment of a £14,500 deposit.

4.43 57% of households can afford market rent for 2 & 3 bedroom properties, requiring an annual income of £23,520. Affordable rent tenures are also available to 57% of households when based on 80% of mean and median market rent. Social rent tenures are available to 66% of households when based on RP social rent and 77% of households when based on LA social rent. There are no additional deposit expenses for market and affordable rent (with the exception of a small proportion for market rent, with letting agent fees, holding deposits etc.).

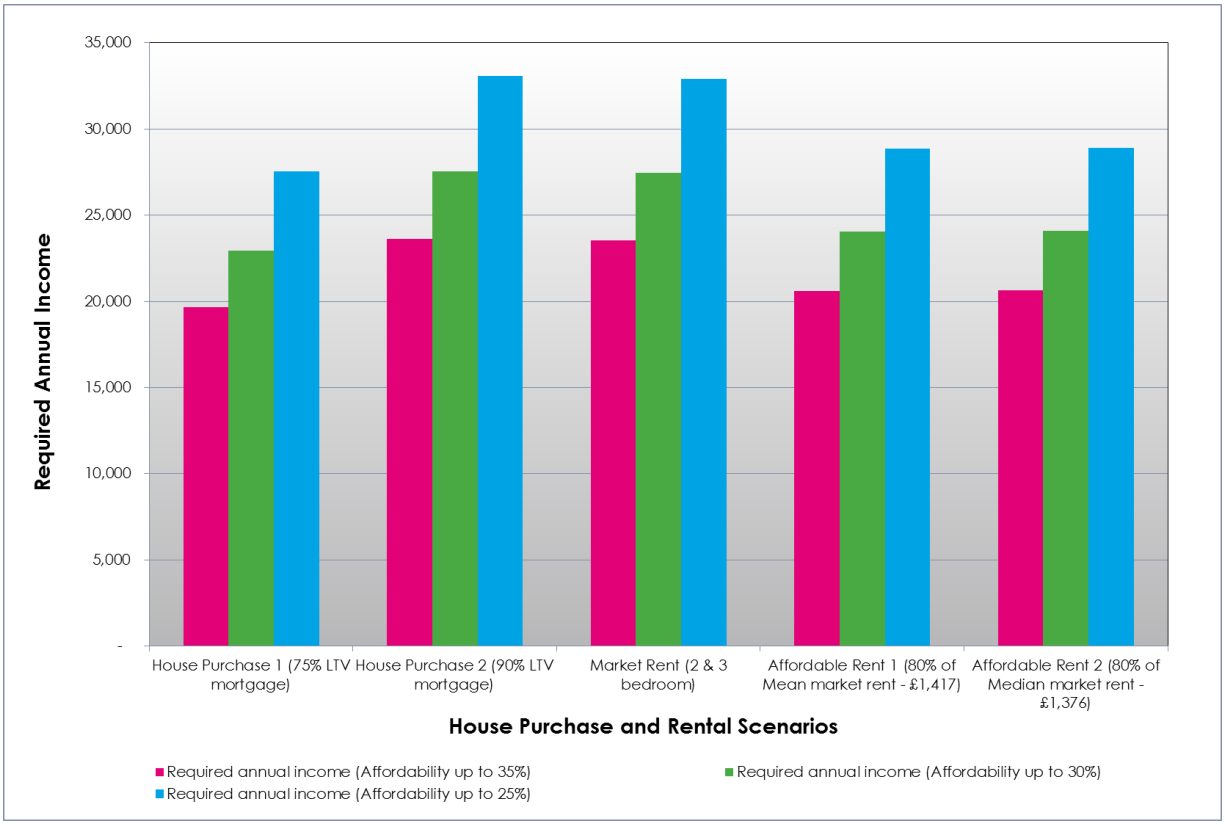
Table 35 - Sensitivity 2a: Affordability of up to 35% of Household Income

	House Purchase 1 - 75% LTV mortgage	House Purchase 2 - 90% LTV mortgage	Market Rent (2 & 3 bedroom)	Affordable Rent 1 (80% of Mean market rent - £752) (2 & 3 bedroom)	Affordable Rent 2 (80% of Median market rent - £753) (2 & 3 bedroom)	Social Rent (RP)	Social Rent (LA)
Monthly payment	574	689	686	601	602	441	361
Annual payment	6,888	8,268	8,232	7,212	7,224	5,288	4,330
Max. percentage of income	35%	35%	35%	35%	35%	35%	35%
Required monthly income	1,640	1,969	1,960	1,717	1,720	1,260	1,031
Required annual income	**19,680**	**23,623**	**23,520**	**20,606**	**20,640**	**15,120**	**12,377**
CACI household income band which contains 'required annual income'	15,000 - 20,000	20,000 - 25,000	20,000 - 25,000	20,000 - 25,000	20,000 - 25,000	15,000 - 20,000	10,000 - 15,000
Number of Households within and below income band	14,135	17,786	17,786	17,786	17,786	14,135	9,672
Total number of Households	41,216	41,216	41,216	41,216	41,216	41,216	41,216
% of households who cannot afford annual payment	**34%**	**43%**	**43%**	**43%**	**43%**	**34%**	**23%**

Source: BGVA, 2015

4.44 Figure 24 illustrates the results of these three affordability analyses.

Figure 24 - Required Annual Income Benchmarks for 25%, 30% and 35% Affordability Sensitivities


35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
Required Annual Income
House Purchase 1 (75% LTV mortgage)
House Purchase 2 (90% LTV mortgage)
Market Rent (2 & 3 bedroom)
Affordable Rent 1 (80% of Mean market rent - £1,417)
Affordable Rent 2 (80% of Median market rent - £1,376)
House Purchase and Rental Scenarios
Required annual income (Affordability up to 35%)
Required annual income (Affordability up to 30%)
Required annual income (Affordability up to 25%)

Source: BGVA, 2015

4.45 It is important to note that more stringent credit scoring and low savings, coupled with low incomes may increase the number of households who are unable to access the private owner-occupied housing market, or move further up the property ladder if they already own their own property. This reflects the way the current mortgage environment is acting, with tighter lending criteria aimed at reducing risks of loans becoming 'sub-prime'. This is limiting the borrowing capacity of those deemed to be a higher risk or are seeking to borrow at the limits of affordability, protecting lenders against large loans to those who are seeking high loan to value ratios which will make them more susceptible to future economic stocks or changes in personal circumstances.

4.46 Taking an alternative approach to using the same three sensitivities for maximum percentage of household income spend on housing, the monthly housing payments required for median average household income of £29,162 per year, for those with £500 per week income and for those with £350 per week income is calculated. The £500 and £350 per week income levels facilitate examination of the impact of Welfare Reform, as they represent the current benefit cap levels for couples/single parents (2+ bedrooms) and single people without children (1 bedroom) respectively. These sensitivities are shown in Table 36, Table 37 and Table 38.

4.47 Under the assumption of spending up to 25% of household income on housing, households on the median average income should be paying a maximum of £608 per month on housing costs. Couples and single parents claiming £500 in benefits per week should be paying a

monthly maximum of £542. Single people claiming £350 per week in benefits should be paying a monthly maximum of £379 on housing costs. This provides an indication of the rent levels considered affordable (at the 25% level) for households on each of these income levels.

Table 36 - Sensitivity 1b: Affordability of up to 25% of Household Income

	Median Average Household Income - £29,162 per year	£500 per week Income (2+ bedrooms)	£350 per week Income (1 bedroom)
Annual Income	29,162	26,000	18,200
Monthly Income	2,430	2,167	1,517
Max. % of Income spent on housing	25%	25%	25%
Max Annual Housing Payment	7,291	6,500	4,550
Max Monthly Housing Payment	**608**	**542**	**379**

Source: BGVA, 2015
N.B.£500 per week and £350 per week columns relate to benefit cap levels for couples and single parents, and single people respectively.

4.48 Under the assumption of spending up to 30% of household income on housing, households on the median average income should be paying a maximum of £729 per month on housing costs. Couples and single parents claiming £500 in benefits per week should be paying a monthly maximum of £650. Single people claiming £350 per week in benefits should be paying a monthly maximum of £455 on housing costs. This provides an indication of the rent levels considered affordable (at the 30% level) for households on each of these income levels.

Table 37 - Sensitivity 2b: Affordability of up to 30% of Household Income

	Median Average Household Income - £29,162 per year	£500 per week Income (2+ bedrooms)	£350 per week Income (1 bedroom)
Annual Income	29,162	26,000	18,200
Monthly Income	2,430	2,167	1,517
Max. % of Income spent on housing	30%	30%	30%
Max Annual Housing Payment	8,749	7,800	5,460
Max Monthly Housing Payment	**729**	**650**	**455**

Source: BGVA, 2015
N.B.£500 per week and £350 per week columns relate to benefit cap levels for couples and single parents, and single people respectively.

4.49 Under the assumption of spending up to 35% of household income on housing, households on the median average income should be paying a maximum of £851 per month on housing costs. Couples and single parents claiming £500 in benefits per week should be paying a monthly maximum of £758. Single people claiming £350 per week in benefits should be paying a monthly maximum of £531 on housing costs. This provides an indication of the rent levels considered affordable (at the 35% level) for households on each of these income levels.

Table 38 - Sensitivity 3b: Affordability of up to 35% of Household Income

	Median Average Household Income - £29,162 per year	£500 per week Income (2+ bedrooms)	£350 per week Income (1 bedroom)
Annual Income	29,162	26,000	18,200
Monthly Income	2,430	2,167	1,517
Max. % of Income spent on housing	35%	35%	35%
Max Annual Housing Payment	10,207	9,100	6,370
Max Monthly Housing Payment	**851**	**758**	**531**

Source: BGVA, 2015
N.B.£500 per week and £350 per week columns relate to benefit cap levels for couples and single parents, and single people respectively.

4.50 Comparing the first set of sensitivities (1a, 2a, and 3a) with the second set (1b, 2b and 3b) provides some indication of how realistic affordability is for Gravesham residents with median, £500 per week and £350 per week income levels. This particularly highlights the affordability pressures faced by those claiming benefits under the Welfare Reform Act (2012).

4.51 Table 39 brings together the first and second set of sensitivities to reinforce these affordability pressures.

Table 39 - Comparator Table for Affordability Sensitivities

	% of households who cannot afford annual housing payment	Maximum monthly housing payment at this income spend level
Affordability of up to 25% of household income (1)	34% – 59%	£379 - £608
Affordability of up to 30% of household income (2)	23% - 51%	£455 - £729
Affordability of up to 35% of household income (3)	23% - 43%	£531 - £851

Source: BGVA, 2015

4.52 As set out earlier in this section, the 30% affordability threshold is considered to be the most appropriate assumption for Gravesham. At this level of income spend, which would see a maximum monthly housing payment of £455 - £729, 23% - 51% of households cannot afford the range of different tenures within the Borough.

4.53 This shows that Gravesham households are facing issues in accessing housing across the range of different tenures (both market and affordable) when considering their household income levels, and the maximum proportion of household income spend that is considered appropriate.

4.54 This emphasises the crucial role affordable housing will play in the Borough over the remaining Local Plan period, and the importance of this providing a truly affordable option which can be accessed by local households.

4.55 The role of different affordable housing tenures in addressing this issue is considered in detail in Section 7 – Meeting Affordable Housing Need.

5. Objectively Assessed Housing Need

5.1 This section of the report examines population and household projections with a view to considering what constitutes objectively assessed housing needs for Gravesham.

5.2 The NPPF and PPG set out a detailed methodology for undertaking an assessment of housing need in an area. BGVA has summarised some of the key requirements and statements from the PPG which provide some context as to the required approach.

National Planning Policy

5.3 As described in the introduction to this report, the NPPF describes the policy principles for OAN at paragraph 47 when it states local planning authorities should "use their evidence to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area" (BGVA emphasis).

5.4 The NPPF mandates the integration of different strategies and land uses including requiring planning authorities to "ensure that their assessments of and strategies for housing, employment and other uses are integrated and that they take full account of relevant market and economic signals" (BGVA emphasis).17

5.5 *"Local planning authorities should […] assess their full housing needs, **working with neighbouring authorities where housing market areas cross administrative boundaries**. The […] Assessment should identify the scale … of housing … that the local population is likely to need over the plan period which:*

- meets household and population projections, taking account of migration and demographic change;
- **addresses the need for all types of housing, including affordable housing** …; and
- caters for housing demand and the scale of housing supply necessary to meet this demand." (BGVA emphasis)[18]

5.6 Local Planning Authorities are required to have a clear understanding of housing needs in their area which they should ascertain through the preparation of a Strategic Housing Market Assessment.

[17] NPPF, paragraph 158
[18] NPPF. paragraph 159

5.7 More widely, the NPPF states that Local Plans and authorities should make every effort "to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth" (BGVA emphasis).[19]

5.8 It is clear from the extracts above that full objectively assessed need refers to both the need for market and affordable housing and requires a positive approach which responds to both demographic needs and to opportunities for economic growth.

National Planning Guidance

5.9 Further to the NPPF's more general prescriptions, the PPG sets out a detailed methodology for undertaking an assessment of housing need in an area. This assessment has summarised some of the key requirements and statements from the PPG which provide some context as to the required process and aid in the later assessment of the Council's approach to identifying housing needs.

What is housing need?

5.10 The primary objective of an assessment of housing needs is to identify the future quantity of housing needed.[20]

*"Need for housing in the context of the guidance refers to the scale and mix of housing … **that is likely to be needed in the housing market area over the plan period** – and should **cater for the housing demand** of the area and identify the scale of housing supply necessary to meet that demand"* (BGVA emphasis).[21]

*"The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. **Plan makers should not apply constraints to the overall assessment of** need, such as limitations imposed by the supply of land for new development, historic under **performance**, viability, **infrastructure**, or **environmental constraints**"* (BGVA emphasis).[22]

What area should be considered?

5.11 The spatial geography of the assessment should be led by functioning housing market areas. The PPG states that:

"A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work […] The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative

[19] NPPF, paragraph 17
[20] PPG Ref. ID 2a-002-20140306
[21] PPG Ref. ID 2a-003-20140306
[22] PPG Ref. ID 2a-004-20140306

boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate".[23]

What should the assessment include?

5.12 The PPG states that the starting point for an assessment of housing need should be the government published household projections.[24] Adjustments should then be made to understand and address:

- the impact of past demographic and migration trends on those projections.[25]
- future labour requirements of the area and whether there is likely to be a shortfall of working persons.[26]
- affordability and housing market demand.[27]

5.13 An assessment should also consider the full need for affordable housing.[28]

5.14 Household projections are published biennially and are based on historic data from the labour force survey, Census and mid-year population estimates ("MYE"). With regard to population they project demographic trends from the last 6 years. They are only useful if the trends on which they are based are indicative of future trends. It is therefore important to assess whether other demographic issues have affected the projections.[29] It is also useful to look at longer term trends to understand how demographic change has shifted over time.

5.15 With regard to future labour force needs, the PPG states that "*Plan makers should make an assessment of the likely change in job numbers* ***based on past trends and/or economic forecasts as appropriate*** *and also having regard to the growth of the working age population in the housing market area.* ***Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth****, this could result in unsustainable commuting patterns and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."* (BGVA emphasis).[30]

5.16 As set out above, indicators or signals of how the housing market is performing should also be assessed. The PPG states that "*Appropriate comparisons of indicators [of demand] should be made. This includes comparison with longer term trends in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these*

[23] PPG Ref. ID 2a-010-20140306
[24] PPG Ref. ID 2a-015-20140306
[25] PPG Ref. ID 2a-017-20140306
[26] PPG Ref. ID 2a-018-20140306
[27] PPG Ref. ID 2a-019-20140306
[28] PPG Ref. ID 2a-022-20140306 to PPG Ref. ID 2a-029-20140306
[29] PPG Ref. ID 2a-017-20140306
[30] PPG Ref ID: 2a-018-20140306

indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections."…"The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be" (BGVA emphasis).[31]

How should historic under-delivery be dealt with?

5.17 The PPG cautions that past trends – including past supply, economic conditions and worsening affordability - may have artificially suppressed factors such as migration and household formation and therefore could affect future projections. The guidance states:

"The household projection-based estimate of housing need may require adjustment to reflect ***factors affecting local demography and household formation rates*** *which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing.* ***The assessment will therefore need to reflect the consequences of past under delivery of housing.*** *As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."*[32]

Affordable housing and wider needs

5.18 The PPG states[33] that affordable housing needs should be considered in the context of the overall mix of market and affordable housing likely to be delivered in the area. Specifically, "an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes". [34]

5.19 It should be highlighted that this stipulation does hint at affordable housing adjustments being a 'policy-on' consideration as it describes likely 'delivery' considerations. However, the Planning Advisory Service Technical Advice Note 'Objectively Assessed Needs and Targets'[35] states that affordable housing needs should be a consideration when defining OAN and if the total OAN cannot deliver sufficient affordable housing to meet needs, consideration should be given to increasing it.[36] Specific reference is made to accommodating the needs of concealed and homeless households.

[31] PPG Ref ID: 2a-020-20140306
[32] PPG Ref. ID 2a-015-20140306
[33] PPG Ref ID: 2a-029-20140603
[34] PPG Ref ID 2a-029-20140306
[35] see figure 3.1 and chapter 7 of this guidance
[36] Planning Advisory Service Technical Guidance on OAN
http://www.pas.gov.uk/documents/332612/6363137/Objectively+Assessed+Need+and+Housing+Targets/f22edcc2-32cf-47f1-8e4a-daf50e4412f7

5.20 It should also be noted that affordable housing needs are not directly comparable to general housing needs, as most affordable housing needs are generated by people who are currently housed in the district (albeit inappropriate for their means and needs). Therefore, when they are appropriately housed they free up existing properties for another household. Those new households (formed from existing families living in the district or from migration) are mostly picked up as part of the demographic modelling (with the exception of homeless and concealed households) and are not additional to the total housing needs.

Summary

5.21 In summary, an assessment of housing needs must be objective and must identify demand and therefore housing need in full. It should not seek to include measures that apply restraint in any way. It should be a positive exercise, which responds to future economic change, affordability and affordable housing needs. Four broad stages to this work have been identified as required in assessing OAN;

1. Identifying the basic geographic unit through which housing needs are understood (typically the HMA or local planning authority area) (See Section 2);
2. Assessing household projections (the starting point) against other consistent demographic evidence to understand the extent to which they are up to date and appropriate indicators of future housing needs;
3. Understanding whether adjustments need to be made to take account of labour force requirements and affordability (market signals); and
4. Understanding affordable housing needs in full and the extent to which they will be met.

Latest Projections

5.22 The latest set of population projections available from the Office of National Statistics (ONS) are the 2012-based Sub-national Population Projections (SNPP). The 2012 SNPP projects forward assumptions on fertility, mortality and migration rates based on trends from the previous 6 years starting from the base year of 2012 up to 2037 (25 years).

5.23 The SNPP is not a forecast and takes no account of current or future government policies, changing economic circumstances or the capacity of an area to accommodate the change in population. They provide an indication of the future size and structure of the population if recent demographic trends continue. Projections become increasingly uncertain the further they are carried forward, and particularly so for smaller geographic areas such as districts.

5.24 Population projections provide a basis through which to understand future population change. Household projections provide a basis through which to understand how that population change forms households. This is because as a population changes (both in terms of size and structure) the number of dwellings needed to house that population also changes.

For example, a population with a high proportion of people in their late teens is likely to need less housing than a population with a high proportion of 60 year olds. This is because the former demographic often lives with parents or in shared houses whereas the latter is more likely to live in couples or alone. These characteristics shift over time as a result of cultural changes in the population. For example, divorce amongst 30 and 40 year olds has been increasing over time which has increased the need for housing in this demographic group, as when a family or couple splits up you have two households to accommodate rather than one. The probability of a person being the head of a household is called the Household Representative Rate (HRR). The greater the HRR for a given population, the more houses that will be needed to accommodate it.

5.25 The household projections contain assumptions by age and sex about how HRRs will change over time. These assumptions are built up through analysis of the Census and Labour Force Survey. The latest household projections are the 2012 Household Projections (HP) produced by the CLG.

5.26 Table 40 provides an introduction to the different projections and the assumptions they use to project population and household change. It is noted that new projections will be published in 2016 (2014-based), however this SHMA is based on the most up to date data available at the time of writing. In addition, using the 2014 Mid-Year Population Estimate and migration data enables the most up-to-date information to be considered in this study whilst also lessening the impact of any new data.

5.27 It should be noted that for the 2012-based household projections, the Stage 2 data release (providing the detailed assumptions associated with the projections) was not available whilst the modelling work for this SHMA was being undertaken. Whilst this data has since been published by CLG (on 3rd December) it cannot yet be modelled until the relevant Popgroup module is updated, the availability of which is yet to be confirmed.

Table 40 - National population and household projections

Projection	Features
2012-based SNPP	• Uses demographic trends from 2007 to 2012 • Long-term projection from 2012 to 2037 • Average annual **population growth** between 2012 and 2037 = 804 for Gravesham
2012-based HP[37]	• Used the 2012-based population projections as a base • Household formation rates trended from 1971, 1981, 1991, 2001 and 2011 Censuses and Labour Force Survey data. • Long-term projection from 2012 to 2037 • Average annual **household growth** between 2012 and 2037 = 445 for Gravesham

Source: ONS 2012 SNPP and HP

Population Projections

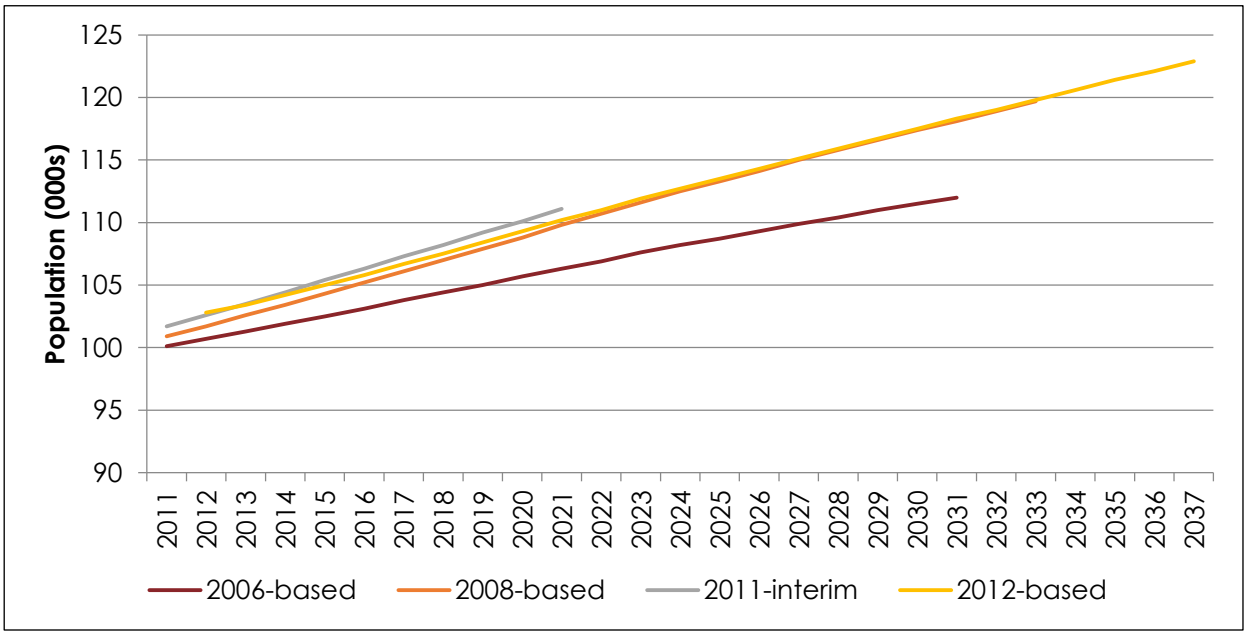
5.28 The latest official projections come from the ONS 2012-based SNPP. The latest 2012-based SNPP anticipate the population of Gravesham to increase by 19.6% (20,100 people) to 122,900 people by 2037. In 2012, Gravesham accounted for 6.9% of the total Kent county population.

5.29 Figure 25 provides a comparison between the latest 2012-based SNPP, and previous 2011-interim, 2008-based and 2006-based SNPP for Gravesham.

5.30 It would seem that recent projections (2012 and 2011-Interim) are projecting higher growth overall than historic projections (2006-based), albeit there appears to be some alignment between the 2008 SNPP and the post-Census projections. Furthermore, the starting point shows that historic projections underestimated the level of population that would be in the Borough in 2011 (as identified by the 2011 Census). The 2012 SNPP anticipate the population Gravesham will grow at a much faster rate than previously assumed under the 2008 projections, equating to average annual population growth of 804 people in Gravesham over the period 2012-2037.

[37] At the time of writing only the Stage 1 HRRs for the 2012 Household Projections were available and further work is on-going to develop the Stage 2 HRRs. Stage 2 HRR will provide household projections in terms of type – i.e. the number of single male households or mixed households.

Figure 25 - Comparison of recent and historic population projections



Source: ONS SNPP Series

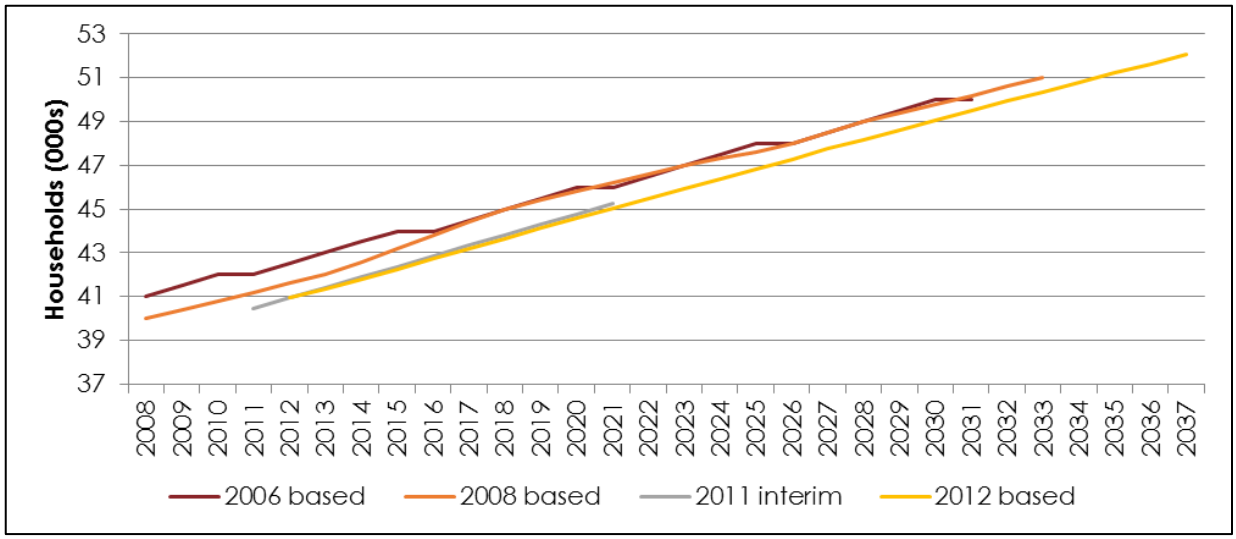
Households

5.31 Household projections provide quantitative and qualitative assumptions about how the population of a given area will form households over a future period. Household projections are an amalgam of three sets of statistics; population projections (SNPP), HRR projections and projections of the level of communal establishment population (i.e. students in halls, prisoners, army barracks).

5.32 In Gravesham, the 2012 HP anticipates a 27% increase in households (11,100 households) to a total of 52,100 households in 2037, or an annual average of 445 households.

5.33 Figure 26 provides a comparison between the previous 2006, 2008, 2011-interim and 2012 HP for Gravesham between 2012 and 2037 (with variation in the dates set out). The figure illustrates that the previous 2006 and 2008 based household projections anticipated a greater number of households than projected by the 2011-interim and 2012-based series however they start from a higher base. The trajectory for the 2008, 2011-interim and 2012 household projections is however very similar.

Figure 26 - Household projections series over time



Source: DCLG HP Series

The OAN "Starting Point"

5.34 The starting point for an assessment of housing need is the 2012 HP. Table 41 sets out the 2012 HP for Gravesham and compares them to historic household growth. It is clear that household growth is projected to be significantly higher than has been observed historically. Table 41 and indeed the remainder of this report, uses the 2012 to 2037 projection period to understand needs over the full length of the HP projection period (25 years).

5.35 Between 1992 and 2002 household growth was 223 per annum (pa) in Gravesham. Over the period 2002 to 2012, this had increased by 17%. Projected household growth (2012 to 2037) is anticipated to be 70% higher than household growth in the preceding decade (2002 to 2012).

Table 41 - Household growth estimates and projections

Area	Household Growth Per Annum		
	1992 to 2002	2002 to 2012	2012 to 2037
Gravesham	223	261	445

Source: DCLG 2012 HP

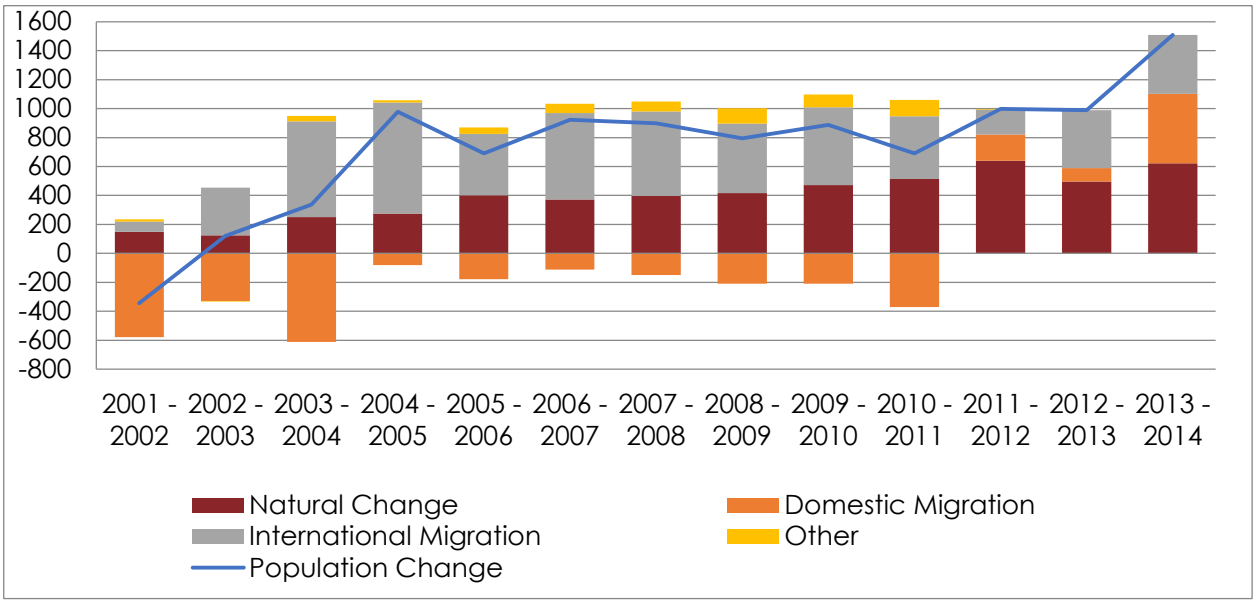
5.36 There are a number of reasons for increasing annual household growth over time. Firstly, annual population growth, as a result of higher levels of migration and increasing natural change (see Figure 27), is resulting in greater projected household and population growth in the future. Gravesham observed low population growth over the early part of the 2000s and high growth in the latter part of the 2000s. With the 2012 HP projecting forward the 6 years of population data between 2007 and 2012, which saw significant growth through in-migration and positive natural change, it is understandable why the 2012 HP would be projecting such significant levels of population and household growth going forward.

5.37 The second reason for higher levels of projected household growth is the ageing population. As a population ages, the average household size becomes smaller because statistically older people live in smaller households. This means that for the same level of population growth, an older population requires more housing than a younger population. Between the 2001 and 2011 Census, the over 65 population grew by 14% in Gravesham compared to 6% total population growth. This shows that there has been a disproportionate level of growth in older persons which, as discussed above, will have an effect on household formation. This reflects the ageing population trend being observed in Gravesham, which is part of a national trend.

5.38 Thirdly, it follows that as an area becomes more populated, the level (not proportion) of population and household growth grows with it, albeit there is not an exact proportional relationship.

5.39 Looking back at past population change it is clear that it has fluctuated over the last 13 years. It should be noted that whilst net migration as a whole has been a net contributor to population growth since 2001, this has been due to international migration, as domestic migration has in fact caused net reduction in population as people living in Gravesham move out into the surrounding authorities (see Figure 27). However, in recent years (since 2011-12) this trend has changed and domestic migration has become a net contributor. Figure 27 also shows the significant effect of natural change on population growth (i.e. more births than deaths).

Figure 27 - Population change and components of change between 2001 and 2014 in Gravesham



Source: Mid-Year Population Estimates Series, 2001 to 2014

5.40 Since the 2012 SNPP was published, ONS has 'estimated' the 2013 and 2014 population using a range of administrative data to understand migration and natural change.

5.41 This information is not contained within the 2012 SNPP and 2012 HP. BGVA, using Popgroup software, has been able to include this information within the demographic projection. When the updated projection is compared to the 2012-based HP for 2012-37 (Table 41) it shows the impact of this new base population information; a slight decrease in annual growth – see Table 42.

5.42 This effect is not as expected. The MYE for 2013 and 2014 show that the population of Gravesham grew by over 1,061 persons more than projected and therefore one would expect that level of growth to result in higher future household growth. However, as previously discussed, household formation is a function of population size and structure and therefore the higher levels of population growth have been disproportionately in age groups (the young) and sexes (females) which form households at a lower rate.

Table 42 - Annual Household Growth 2012-37 updated to reflect ONS 2013 and 2014 MYE

Area	Household Growth Per Annum (2012 – 2037)
Gravesham	440

Source: Mid-Year Population Estimates, ONS, Popgroup, BGVA

5.43 As demonstrated by Table 41 and Figure 27, annual population and household growth has increased over time. Indeed, Figure 27 provides more year on year detail showing that this trend continued throughout the 2000s with the highest levels of growth observed in the latter part of that decade (2006 to 2010) and the next decade (2011 to 2014). As discussed above, the 2012 HP include trends principally from this period of high growth. It is therefore appropriate to consider longer term trends to ensure that short term anomalies are accounted for.

5.44 BGVA has therefore utilised data from the 2004 to 2014 mid-year population estimates (MYE) which provide detailed migration data by sex and single year of age over these ten years. Table 43 shows the level of household growth forecast if long term migration trends continue from this period. Longer term trends indicate an increase in household growth of 5.5% in Gravesham compared to the shorter term trends espoused by the 2012 HP.

Table 43 - Annual Household Growth 2012-37 updated to reflect long term migration rates (2004 to 2014)

Area	Household Growth Per Annum (2012 – 2037)
Gravesham	464

Source: Mid-Year Population Estimates, Popgroup, BGVA

5.45 BGVA has also looked at the effect that un-attributable population change ('UPC') has had on past migration[38]. UPC is the difference in 2011 between the population estimates built up from the 2001 Census (using birth, death and migration data) and that recorded by the 2011 Census. It is likely that at least part of UPC is attributable to migration being misreported and errors in the 2001 and 2011 Census. In Gravesham, the pre and post Census 2011 MYE showed that either past population estimates (and thus components of population change such as migration) underestimated population growth, the 2001 Census underestimated the population in 2001 or the 2011 Census overestimated the population in 2011.[39] However, the error was not uniform across all age groups with UPC showing a particular under-recording of children and younger people and an over-recording of older people. This is important when we are thinking about housing needs because younger people live in larger households (either as a family or with friends). Table 5 shows the age differentiation of UPC from 2001 to 2011.

Table 44 - The effect of UPC between 2001 and 2011

Ages	Number of people UPC
0-15	562
16-24	157
25-44	151
45-64	-377
65+	-126
Total	**367**

Source: Mid-Year Population Estimates, Popgroup, BGVA

NB Positive number means the MYE were less than Census, a negative number means the converse

5.46 When long term migration between 2004 and 2011[40] is adjusted to take account of 100% of UPC it has the effect of reducing household growth to 441 dwellings per annum in Gravesham as despite UPC increasing net migration overall, it actually leads to a much younger migration flow which reduces household formation. This is set out in Table 45.

[38]For more detail on UPC please see ONS' *'Report on Un-attributable Population Change in the 2012-based Subnational Population Projections for England.'*

[39] It is not possible to say by exactly how much as there is insufficient information to attribute UPC to migration, natural change or errors with the Census. This is confirmed by the previous footnote

[40] 2012 to 2014 UPC is not a factor

Table 45 - Annual Household Growth 2012-37 updated to reflect long term migration rates and UPC

Area	Household Growth Per Annum (2012 – 2037)
Gravesham	441

Source: Mid-Year Population Estimates, Popgroup, BGVA

Summary

5.47 Overall, the latest demographic data projects household growth of between 440 and 464 households per annum in Gravesham. We have updated the latest household projections (2012-based) to include data from the 2013 and 2014 MYE. Updating the household projection reduces annual household growth slightly from 445 households per annum to 440 households per annum.

5.48 Longer-term (2004 to 2014) trends would seem appropriate for inclusion, given the significant fluctuations in growth which have been observed in the short term and the need to include a period representative of a longer economic cycle (i.e. ironing out the potential effects of boom and recession). It is also appropriate to consider UPC in the trends, which, as set out above, reduces annual household growth to the lower end of the range; although there is insufficient information to conclude fully if UPC a migration or Census issue. The reason for including some account of UPC is the ONS admission that UPC is likely to be due to a number of issues, with migration (domestic and international) named as one such issue. It is therefore likely that migration has been misreported to some degree.[41]

5.49 If long-term migration is unadjusted for UPC is produces household growth of 464 per annum. If past migration is fully adjusted for UPC is produces household growth of 441 per annum. Given there is no clear evidence to attribute UPC to either migration or Census error, an average of the two long term migration scenarios is set out to recognise the uncertainty with the two scenarios (453 households per annum)

Household growth to Dwelling Growth

5.50 To convert household growth to dwelling growth an allowance for vacant properties and second homes is required. To do this BGVA has looked at the DCLG Live tables and 2001 and 2011 Censuses. A twelve-year average is taken which equates to 2.5% in Gravesham. Table 46 sets out the resultant annual dwelling growth scenarios, from 2012 to 2037.

[41] Page 3 of 2012 Sub-national Population Projections, Report on Un-attributable Population Change 2014

Table 46 - Annual Dwelling Growth Scenarios (2012 - 2037)

Scenario	Growth Per Annum (2012 – 2037)	
	Households	Dwellings
2012 Household Projections	445	456
2012 Household Projections updated with 2013 and 2014 MYE	440	451
Long Term Migration	464	476
Long Term Migration UPC	441	453
Average of Long Term Migration scenarios	**453**	**465**

Demographic needs from wider area

5.51 To understand the demographic needs of the Gravesham Housing Market Area, BGVA has modelled the future dwelling requirements of Dartford and Medway utilising the same stepped process as Gravesham. This will provide the Council with an understanding of wider housing needs for the purposes of duty to cooperate discussions across the sub-region. Using the same process as that explored above. The results are shown below in Table 47.

Table 47 - Modelled Future Dwelling Requirements of Dartford and Medway

Area		Growth Per Annum (2012 – 2037)	
		Households	Dwellings
Dartford	**2012 Household Projections (updated)**	572	589
	Long term migration	543	559
	Long term migration (UPC)	559	575
	Average long term migration scenario	**551**	**567**
Medway	**2012 Household Projections (updated)**	1,235	1,281
	Long term migration	1,148	1,200
	Long term migration (UPC)	1,124	1,167
	Average long term migration scenario	**1,136**	**1,183**
HMA (including Gravesham)	**2012 Household Projections (updated)**	2,247	2,312
	Long term migration	2,155	2,235
	Long term migration (UPC)	2,136	2,195
	Average long term migration scenario	**2,146**	**2,215**

5.52 Overall, the latest demographic data projects dwelling growth of 2,195 to 2,312 dwellings per annum across Gravesham's HMA (Gravesham, Medway and Dartford). Longer-term trends and some account of UPC would again seem appropriate – albeit a full adjustment is not justified given the uncertainties. Table 46 provides a mid-point between the two long-term

migration scenarios for Gravesham of 453 households per annum or 465 dwellings per annum which equates to 2,146 households per annum and 2,215 dwellings per annum at the HMA level. This is on the balance of the available evidence, an appropriate proxy for demographic needs.

5.53 It should be noted that the figures in Table 47 represent the demographic starting point and not full objectively assessed housing need. When an authority is proposing to deliver a higher level of housing than demographic projections indicate (due to economic or affordability factors), discussions should be had about the implications of this for Gravesham's HMA in terms of future demographic trends.

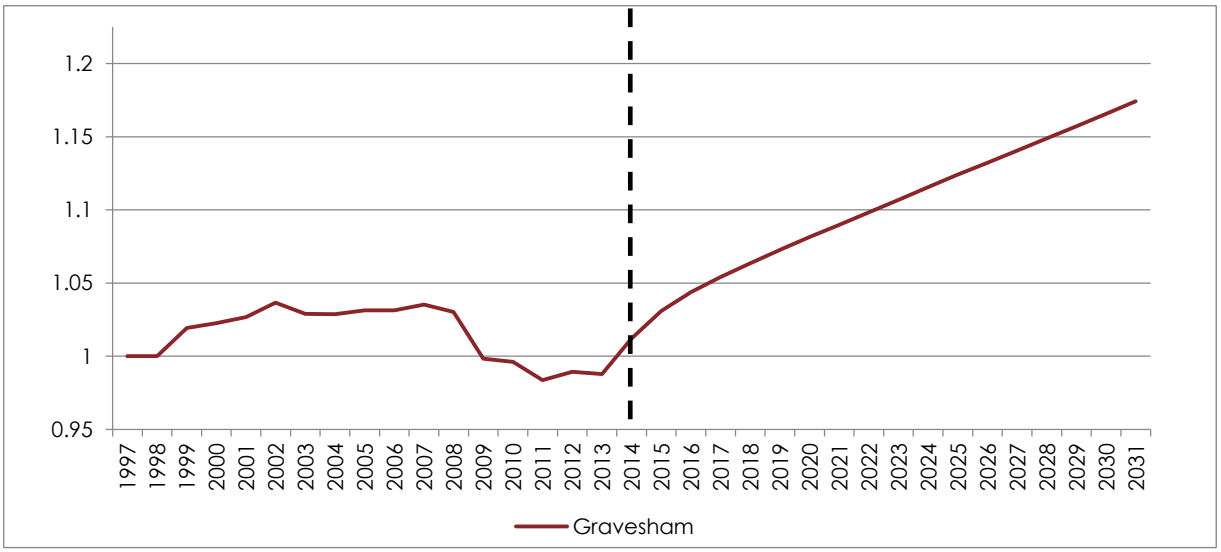
Economic projections

5.54 The PPG requires OAN to include an assessment of future employment growth and labour force requirements. BGVA has utilised employment growth estimates and forecasts from Experian Local Market Forecasts (Q1 2015). Figure 28 sets out past and future employment growth in Gravesham based on the standard Experian forecasting model (discussed below as Sector Growth").

5.55 This model combines a range of data to inform the employment growth projection including current employment shares by sector, national growth prospects of sectors and historic performance of sectors. It therefore represents an estimate of 'business as usual' growth without any major regeneration, economic development infrastructure or other intervention that may impact business growth. The dotted line delineates the employment estimate from the employment forecast.

5.56 Gravesham had less employment in 2013 than it did in 1997 only returning to growth in 2014. The Borough experienced a period of modest growth from 1997 to 2001, a period of stagnation over much of the early and mid-2000s followed by a deep and prolonged period of recession. Overall, between 1997 and 2014, average annual job growth in Gravesham was 0.07%.

Figure 28 - Employment growth (workforce jobs) indexed to 1997



Source: Experian Market Forecasts

5.57 BGVA has undertaken a number of economic forecasts, looking at a range of options for future employment growth in Gravesham. The Gravesham Employment Land Needs Assessments sets out full detail of the economic scenarios, however to summarise they are:

- **Sensitivity 1: Sector Based Growth Scenario** – this assesses the economic potential of Gravesham based on sector growth set out by Experian. It assumes that London Paramount is not delivered but considers accelerated levels of growth beyond the base forecast within key economic sectors including advanced manufacturing and distribution activities.
- **Sensitivity 2: Sector Growth & London Paramount Indirect Scenario** – this builds upon the 'Sector Based Growth Scenario' and then includes jobs that are forecast to arise within the Gravesham economy linked to the delivery of London Paramount. These jobs are considered to be the indirect economic impact of the development which will occur through enhanced supply chain opportunities for Gravesham businesses and the proximity of Medway to London Paramount to attract new supply chain operators to the area.
- **Sensitivity 3: Sector Growth & London Paramount Total Employment Scenario** – a further scenario is considered within the Gravesham ELNA that seeks to understand the total employment impact of London Paramount on Gravesham. The previous scenario considered the indirect impact alongside wider indigenous economic growth; however it is likely a further employment impact will be experienced as Gravesham residents seek employment within the Resort itself. As established in the ELNA this has no impact on employment land requirements, however it does potentially influence the level of housing demand as a result of a growth in employment rates in the Gravesham population. Therefore, drawing on the Preliminary Environmental Impact Report prepared on behalf of London Resort Company Holdings, the ELNA estimates the share of workforce jobs that could reasonably be expected to be filled by Gravesham residents as the Resort becomes operational. Given this scenario is an assessment of employment growth beyond

Gravesham it does not directly affect the objectively assessed housing need of the district, however it is taken further in the analysis to inform duty to cooperate discussions between Dartford and Gravesham regarding cross boundary commuting patterns and economic and housing needs.

5.58 Full details of the impact of the delivery of the London Paramount Resort, which informs the SHMA's economic scenarios, is considered in the Gravesham Borough Council Employment Land Assessment Final Report. This draws on 2014 data from the Preliminary Environmental Information Report ("PEIR, London Resort Company Holdings Ltd. "LRCH", April 2014[42]). As the scheme is still being developed, its details are not confirmed at the time of writing, and will continue to follow and be revised in due course. It is therefore acknowledged that the economic scenarios and assessed impacts in this SHMA are based on the 2014 published figures, so its figures and assessed impacts may require update / revision depending on the progress of the scheme.

5.59 In line with the PPG, BGVA will need to understand the level of household growth needed to support employment growth. To do this, BGVA has employed the following assumptions which are used to understand the relationship between jobs, residents and dwellings.

Economic Assumptions

5.60 The relationship between job growth and population growth is contingent on a number of factors, specifically, the level of unemployment and economic activity in the local population, and the extent to which the working population is employed locally (commuting patterns).

Unemployment

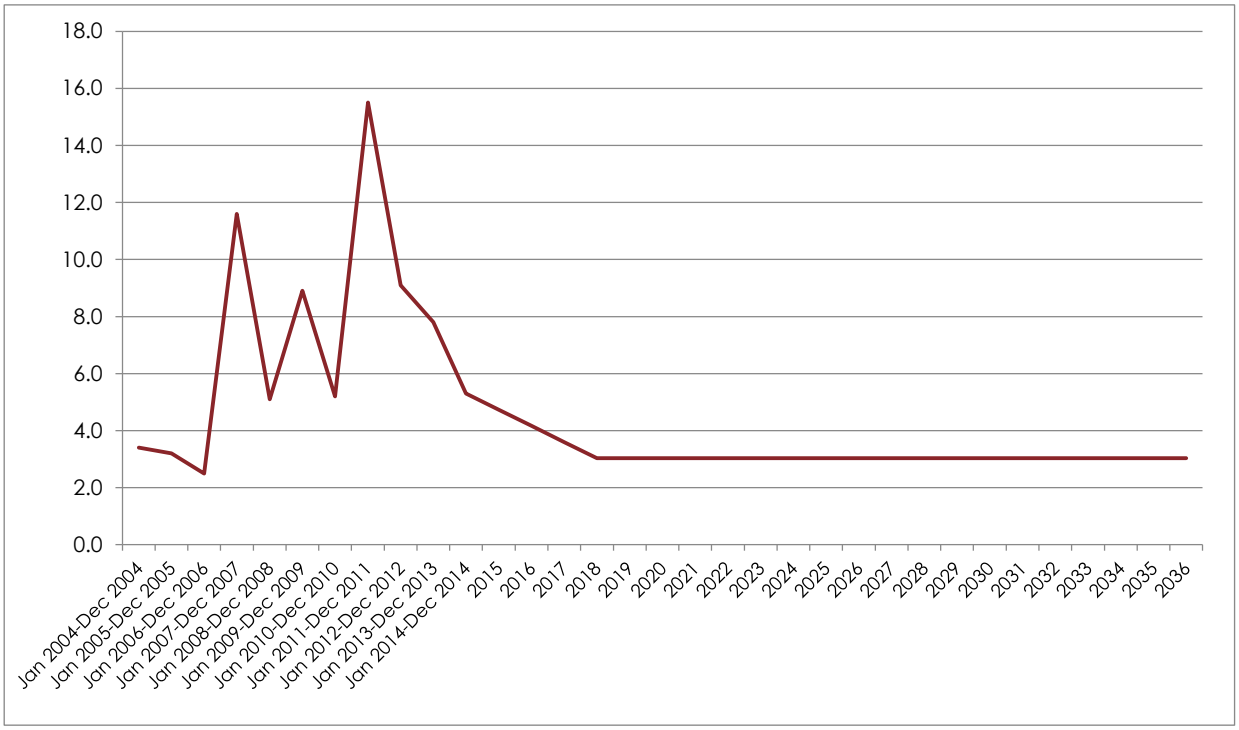
5.61 The level of unemployment over time is important for understanding the link between population growth and job growth. For example, if a number of jobs were created in an area, and unemployment rates were historically high, it is likely that a significant proportion of those jobs would be taken by unemployed residents who are seeking employment. If on the other hand unemployment were at a historic low, more of the jobs would need to be filled by new economically active people moving / commuting into the area to work. If people move to an area for work, this creates a need for more housing.

5.62 BGVA has utilised the Census (2001 and 2011) and Annual Population Survey (APS) (2001 to 2014) to understand how unemployment has changed over time and how it is likely to change in future.

[42] http://www.londonparamount.info/media/1076/22-preliminary-information-report.pdf

5.63 Figure 29 sets out the APS unemployment rates and how the model projects unemployment will return to long-term averages.

Figure 29 - Unemployment in Gravesham (% of those economically active) from the APS



Source: Annual Population Survey Unemployment Statistics

Economic Activity

5.64 The same principle applies to economically active population (which is the total number of people in work or looking for work) as unemployment. As the economically active population increases (due to a rising number of older persons staying in employment past pensionable age or an increasing number of women in the workplace) the pool of local labour increases, reducing the need for in-migration to support increases in the number of jobs in a local area. As highlighted above, in-migration is a key growth pressure and increasing economic activity will mean less in-migration to meet the future job growth.

5.65 Economic activity by age and sex is taken from the 2011 Census. This is projected forward using the trends with the Kent County Council (KCC) 'Technical Paper Activity Rate Projections to 2036' October 2011[43]. These assume that economic activity rises in line with the 2006 Labour Force Survey up to 2020, with further increases in older cohorts from 2020 to 2030. This projection is termed 'Sensitivity 1'.

[43] https://shareweb.kent.gov.uk/Documents/facts-and-figures/Economy/technical-paper-activity-rate-projections-to-2036.pdf

5.66 An alternative scenario has looked at a trend based economic activity projection – utilising the Censuses from 1981 to 2011 – which incorporates assumptions from Experian's Report 'Employment Activity and the Ageing Population'.[44] This has the effect of increasing economic activity for women, in line with past trends from 1981 and increasing economic activity in older persons (males and females) significantly. Figure 30 sets out the adjustments made in this scenario. This projection is termed 'Sensitivity 2'. Both economic activity sensitivities will be assessed through this study.

Figure 30 - Sensitivity to look at increased economic activity in women and older persons

Source: Census Economic Activity by Age and Sex / Experian (Men top chart, women bottom chart)

[44] http://economics.experian.co.uk/~/media/Files/Countries/UK%20Economic%20Forecasts/Public/Employment%20Activity%20and%20the%20Ageing%20Population.ashx

Commuting

5.67 A commuting rate is the ratio of employed persons to employment in a given area. If an area has a high commuting rate (i.e. a ratio of more than 1 employed person for every job) this means that the area is housing workers from the surrounding area. The converse is true if the ratio is less than one. If an area has a high and stable commuting rate (because it lies adjacent to a large employment centre for example) then as the economy grows the area will have to accommodate not only indigenous job growth but also the growing number of commuters from the adjacent centre. This increases the level of housing growth needed to accommodate a given level of indigenous job growth.

5.68 In 2011 the ratio of employed persons to employment in Gravesham was 1.47. This means that for every 100 people working in the authority there are around 147 employed persons living in the authority – i.e. a large out-commute of the population each day. Given the close proximity of the authority to London and the ease at which road and rail infrastructure provides access to London and neighbouring districts, there is no evidence to suggest that this commuting ratio will change going forward. It is therefore kept static for the purposes of this study. Notwithstanding, the Council does have an intention to reduce out-commuting which is set out in its Local Plan Core Strategy[45] which could be a factor when the OAN is translated into policy.

Double Jobbing

5.69 This analysis will assume that a certain number of the jobs created over the period to 2037 will be taken up by someone who already has a job (i.e. someone who is double jobbing). We have assumed that the percentage of the population who does this is 3.69%, which is in line with latest national labour force survey 2014.

Results of Economic Scenarios

5.70 Table 48 sets out the number of houses that would be required to support the growth forecasted by the employment scenarios above. Table 48 compares the results of the economic scenarios with the average long-term migration scenario in Table 46. This is because, whilst there is evidence that some adjustment should made to account for UPC, there is insufficient evidence to make a full adjustment. An average of the two long-term migration scenarios is therefore used which is equivalent to a 50% adjustment. This average scenario equates to 453 households per annum or 465 dwellings per annum.

5.71 Table 48 indicates that the average long-term migration scenario (453 households per annum) in Gravesham, would be, based on Sensitivity 1, sufficient to meet the labour force

[45] Paragraphs 4.2.19 and 5.5.3

requirements of the Sector Growth Scenario but insufficient to achieve the additional indirect employment likely to flow from London Paramount (Sector Growth & London Paramount Indirect Scenario).

5.72 In Gravesham the uplift in dwellings provision required to deliver the London Paramount Indirect Scenario amounts to a 22% increase from the average long-term migration scenario. As per Table 46, we have converted household growth to dwellings growth by introducing a vacancy and second home rate.

Table 48 - Annual Dwelling Growth 2012-37 Economic Scenarios (Sensitivity 1) and increase from demographic needs

Area		Growth Per Annum (2012 – 2037)		Change from average long-term migration scenario (%) (452 hpa / 465 dpa)
		Households	Dwellings	
Gravesham	Sector Growth	453	465	0%
	Sectors & London Paramount Indirect	555	569	22.4%

Source: Experian, Popgroup, BGVA

5.73 Paragraph 5.57 sets out three economic scenarios whereas Table 48 and Table 49 only show the results of two economic scenarios. This is because the third economic scenario (Sectors and London Paramount Total Scenario) forecasts growth in employment beyond the boundary of Gravesham and must therefore be considered in the context of the out-commuting patterns in Gravesham rather than growth in local jobs. Paragraphs 5.67 to 5.68 set out that the demographic model assumes direct employment growth (from Sector Growth and Sectors & London Paramount Indirect Scenario) in Gravesham is accompanied by a growth in economically active people who will commute out of the Borough to work. If the assumption is that London Paramount will be delivered, the increase in out-commuting entailed in the Sectors London Paramount Indirect Scenario can be calculated through the model. This will allow us to understand the level of increased out-commuting that might be take place and compare this to the level of commuting required in the Sectors & London Paramount Total Scenario. The Sectors & London Paramount Indirect Scenario would generate an additional 2,568 economically active people who would have to commute out of the Borough for work. The Sectors & London Paramount Total Scenario, which measures the employment draw of London Paramount on the economically active population of Gravesham, concludes that 3,920 jobs would be filled by Gravesham residents. Taking into account second jobbing[46] this would require around 3,767 workers which, when compared to the additional economically active population generated (2,568), would lead to a shortfall.

[46] We have taken this to be 3.39% as per the latest National Labour Force Survey

5.74 If economic activity rate 'Sensitivity 2' is input into the model it increases the level of economic activity in the general population and reduces the level of in-migration and therefore household growth required to achieve the economic scenarios. The results of this scenario are set out in Table 49. It shows that with Sensitivity 2, Gravesham would need to build around 396 dpa to achieve Sector Growth and 495 dpa to achieve the Sectors & London Paramount Indirect scenario (a -14.8% and +6.5% adjustment to the average long-term migration scenario respectively).

5.75 Although the overall level of population and household growth is lower for Sensitivity 2, economically active rates are higher and therefore the Sectors and London Paramount Indirect Scenario generates an additional 2,603 economically active persons. Notwithstanding, when compared to the additional workers required in London Paramount (3,767) this would lead to a shortfall of out-commuters to meet the jobs generated.

Table 49 - Annual Dwelling Growth 2012-37 Economic Scenarios (Sensitivity 2) and increase from demographic needs

Area		Growth Per Annum (2012 – 2037)		Change from average long-term migration scenario (%) (452 hpa / 465 dpa)
		Households	Dwellings	
Gravesham	Sector Growth	386	396	-14.8%
	LP Indirect	485	495	6.5%

Source: Experian, Popgroup, BGVA

5.76 It is the conclusion of this report, that if the London Paramount resort is not delivered there will be no additional need for housing in Gravesham. However, if London Paramount does come forward, it will require an increase in housing to respond to indirect employment effects (of between 6.5% and 22.4%) with the potential for further increases to support the growth of what would be a regional employer out with the authority. It is for Dartford (the host local authority for the London Paramount resort) to agree through the Duty to Cooperate the additional labour force which may be required from the surrounding authorities and therefore it lies beyond the direct scope of the OAN.

Summary

5.77 The demographic scenarios (see Table 46) project **dwelling** growth of between 451 dwellings per annum (dpa) and 476 dpa in Gravesham. Given the fluctuations in population growth and levels of migration, it is considered that a longer term migration perspective is justified. The extent to which UPC is accounted for is a matter of judgement. To account for it fully will reduce the annual dwelling need to the lower end of the range. Given the uncertainties, for pragmatic purposes we have taken an average figure for long-term migration scenario adjusted and unadjusted for UPC. This equates to 465 dpa in Gravesham. This can be

compared to the adjusted 2012 HP, which projects dwelling growth of 451 dpa in Gravesham (440 households per annum).

5.78 If Gravesham's Housing Market Area is assessed, including Gravesham, Medway and Dartford, annual dwellings needs range from 2,195 to 2,312 dpa. If an average of the long-term migration scenarios is utilised, it derives a need for 2,215 dpa across Gravesham's HMA.

5.79 BGVA has reviewed forecast employment growth. The analysis that the average long term migration scenario would provide sufficient labour force growth to meet the Sector Growth Scenario on the basis of current levels of out commuting and modest increases in economic activity (Sensitivity 1). If further increases in economic activity are observed (Sensitivity 2) the average long term migration scenario would provide a greater level of population and household growth than required to meet the Sector Growth Scenario.

5.80 If the London Paramount resort is delivered (Sectors & London Paramount Indirect), Sensitivity 1 concludes that housing delivery would need to increase by 22% above the average long-term migration scenario. However, if economic activity is increased further (as per Sensitivity 2), the average long-term scenario would need to increase by just 6.5% (see Table 49).

5.81 Assuming that overall rates of commuting remain static, all of the economic scenarios and sensitivities lead to a shortfall of economically active people against the level of out-commuting required to deliver the level of employment growth from Sectors & London Paramount Total Scenario (see paragraphs 5.73 and 5.74). This is because, despite there being an increase in the number of people commuting out of the district to work, it is insufficient to meet the large requirement for workers generated by the London Paramount scheme.

Table 50 - Summary of scenarios for Gravesham

Scenario		Annual Growth (2012 to 2037)	
		Households per annum	Dwellings per annum
Household projection (HP)		445	456
HP including 2013 and 2014 MYE		440	451
Long term migration		465	476
Long term migration UPC		441	453
Average long term migration		**453**	**465**
Sector growth	**Sensitivity 1**	453	465
	Sensitivity 2	386	396
Sectors & London Paramount Indirect	**Sensitivity 1**	555	569
	Sensitivity 2	485	495

Source: BGVA / Popgroup

Market Signals

Policy Context

5.82 As set out above, the PPG provides a methodology for undertaking an assessment of full, objectively assessed housing needs as required by the NPPF; paragraph 47. The PPG informs that Household Projections should provide the "starting point" for an estimate of housing need (ID ref: 2a-015-20140306), but sets out that there are several other issues that should be taken into account, including market signals. In particular it states that:

"The housing need number suggested by the household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. *Prices or rents rising faster than the local average may well indicate particular market under supply relative to demand."* (emphasis added)[47]

5.83 A review of appropriate market signals is therefore required to establish relative housing demand. The PPG goes on to state that where relative demand is high, Local Planning Authorities (LPAs) should apply:

[47] PPG ID ref: 2a-019-20140306

"…an upward adjustment to planning housing numbers compared to ones based solely on household projections." (emphasis added)[48]

Scope of Assessment

5.84 To establish the relative demand within Gravesham this report will compare the market signals for this area to trends:

- Within other LPAs with which Gravesham has a functional relationship, including Canterbury, Dartford, Maidstone, Medway, Sevenoaks, Swale, and Tonbridge and Malling, referred to hereafter as the '*sub-region*'. It is acknowledged that this sub-region extends beyond Gravesham's HMA however, this was considered necessary to pick-up wider influences and relationships;
- Across the South East region; and
- Across England.

Market Signals and Data Sources

5.85 The PPG suggests a range of potential market signals for assessment, the table below identifies the market signals which have been considered by this assessment and the key data sources used.

Table 51 - Data collected for the market signals analysis

Market Signal	Data Source
House Prices	Median annual house prices based on Land Registry data (CLG Statistics, Table 586) Land Registry Price Paid Index
Rents	Private rental market statistics (Valuation Office Agency)
Affordability	Ratio of prices to earnings: median and lower quartiles (CLG statistics, Table 576)
Housing Market Activity	Annual property sales based on Land registry data (CLG statistics, table 588) as a percentage of dwelling stock (Census 2011)
Vacancy Rate	Vacant Dwellings data (CLG Statistics, table 615)
Overcrowding	Occupancy rating data (Census 2001 and 2011) Shelter Data Bank
Rate of Housing Delivery	Dwelling Stock Data (Census 2001 and 2011) LPA Annual Monitoring Reports

[48] PPG ID ref: 2a-020-20140306

5.86 The PPG also advocates land prices as an appropriate market signal for consideration. However, there is no appropriate up to date source which provides comparable data for specific LPAs regarding residential land valuation. It is therefore not included in this assessment.

Market Signals Data

5.87 The remainder of this section discusses this data insofar as it is relevant to the conclusion regarding the scale of demand relative to supply in Gravesham.

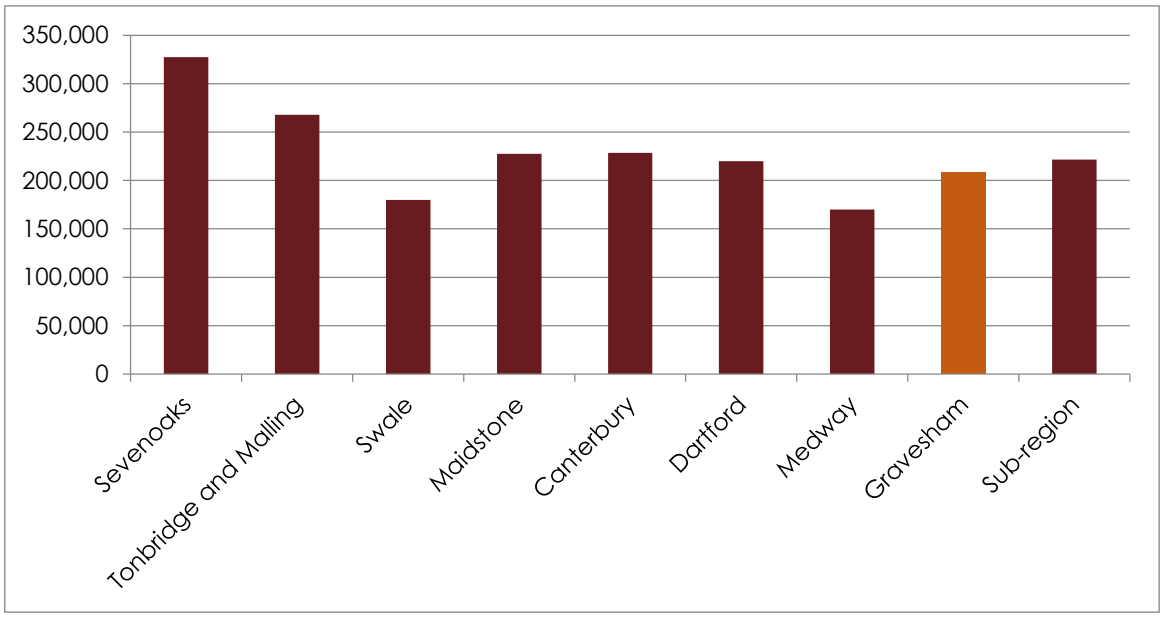
House Prices

5.88 House prices and long-term trends in house prices can indicate an imbalance between the demand for and the supply of housing. Figure 31 details the most recent median price paid data available.

5.89 In 2014 the median house price across the sub-region was £221,41749, with prices across the individual comparator authorities ranging from £170,000 in Medway to £375,500 in Sevenoaks. This indicates that there is considerable disparity in the scale of housing demand across the sub-region.

5.90 In 2014 the median house price in Gravesham was £208,500 which is the third lowest price observed of the comparator areas. This indicates that absolute demand in Gravesham is relatively low when compared to neighbouring authorities.

Figure 31 - Median House Prices, 2014

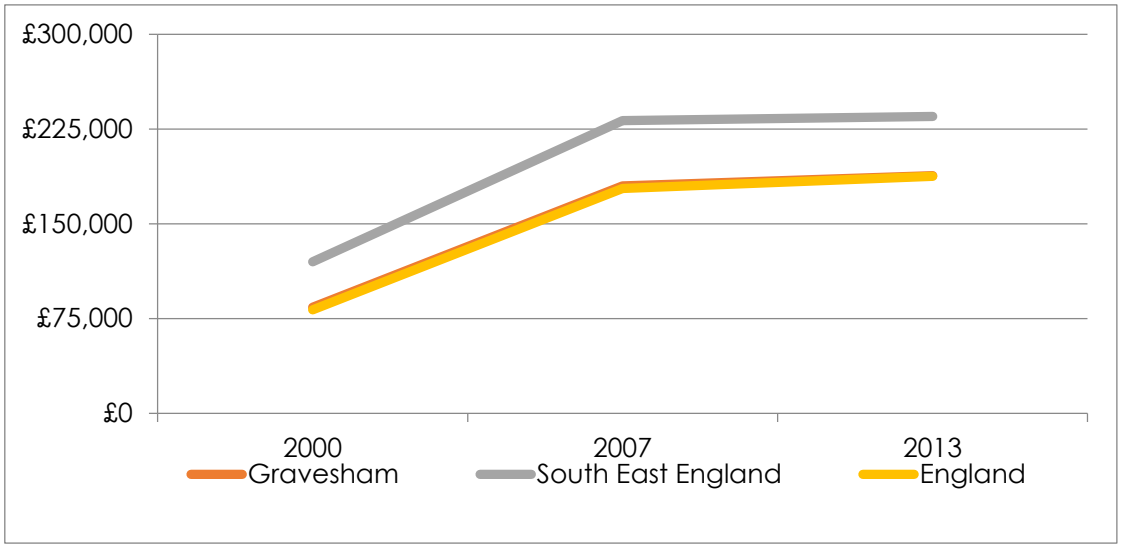


Source: CLG, median house prices based on Land Registry data, by district

[49] Weighted average on the basis of total sales

5.91 Figure 32 profiles median house prices for Gravesham, the South East region and England from 2000 to 2013[50] (i.e. covering pre and post-recession periods).

Figure 32 - Median House Price Change, 2000 to 2013



Source: CLG, Median house prices based on Land Registry data, by district

5.92 House prices in Gravesham increased significantly between 2000 and 2013 and mirrored the national trend of significant price rises in the early 2000s and price stagnation in the late-2000s onwards, albeit with median house prices now higher than pre-recession (2007) levels.

5.93 Values in Gravesham between 2000 and 2013 increased by 124%, exceeding inflation in the region (96%) but slightly below national house price inflation (128.6%).

5.94 Overall, house price evidence indicates that absolute median house prices in Gravesham are amongst the lowest of the sub-region and whilst they have experienced significant inflation (higher than regional figures), it is lower than has been observed at the national level.

Rents

5.95 The cost of renting is also an indicator of demand for housing in an area. Median residential rent across all properties in Gravesham was £650 per calendar month (pcm) in 2010/2011; by early 2014 this had increased by 3.8% to £675pcm. This is the lowest rate of increase recorded across the LPAs and whilst exceeding regional and national average increases (3.5%), is significantly lower than the 8.5% increase observed for the sub-region. In absolute terms rents in Gravesham are the third lowest of the comparator areas.

5.96 Lower quartile rental prices provide an indication of affordability and demand at the lower end of the market. Between 2010 and 2014, lower quartile rents in Gravesham increased by

[50] 2013 is used here as there is no median house price paid data available at the national or regional level for 2014

4.7% from £525 to £550pcm. Whilst this rate of increase exceeds regional (4.3%) and national (3.3%) inflation it is significantly lower than the 7.3% increase in lower quartile rents recorded across the sub-region in this period.

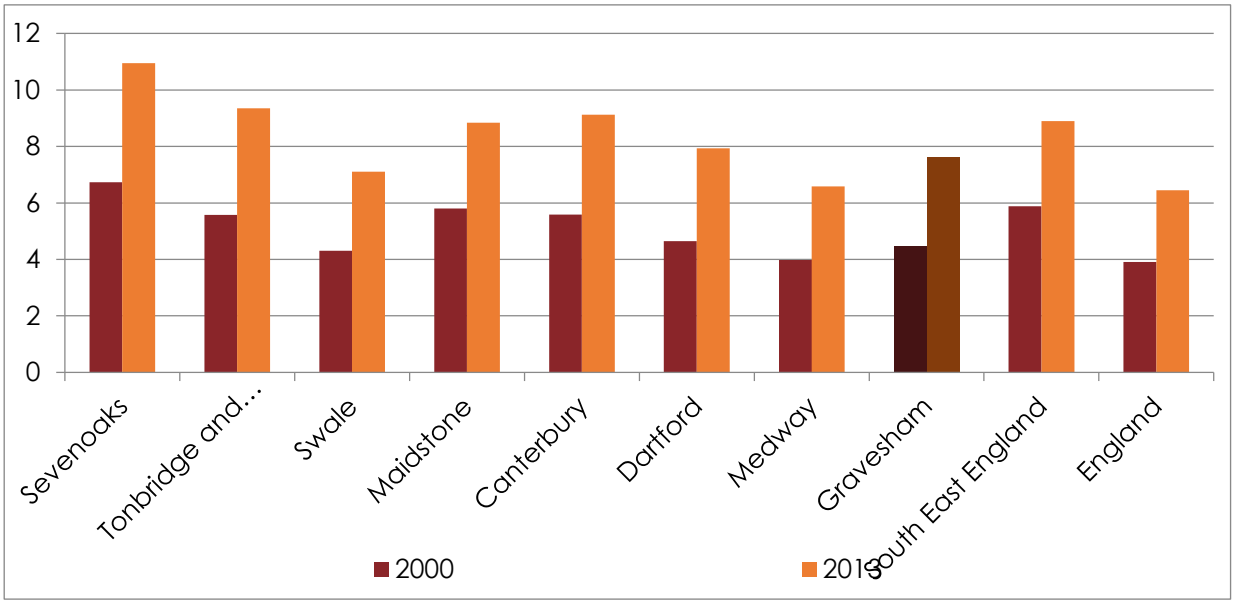
5.97 Overall, median rental data in Gravesham does not provide a strong indication of demand when compared to neighbouring authorities; whilst rents have risen they have generally done so at a lower rate to that experienced across the sub-region and in absolute terms rents (median and lower quartile) are considerably lower than in the majority of the comparator authorities.

Affordability

5.98 Affordability ratios provide an indication of the relative financial accessibility of an area's housing market to local workers. The affordability ratio for each comparator area is illustrated in Figure 33 which compares lower quartile house prices to lower quartile earnings and Figure 34 compares median earnings to median house prices between 2000 and 2013.

5.99 Over the 13 year period the affordability of housing across all areas significantly worsened. In 2000 the lower quartile affordability ratio of Gravesham was 4.5; by 2013 this had increased by 71% to 7.6. This is a faster rate of change than experienced in the sub-region (64%), region (51%) and nationally (64.9%).

Figure 33 - Lower Quartile Affordability Ratios, 2000 and 2013

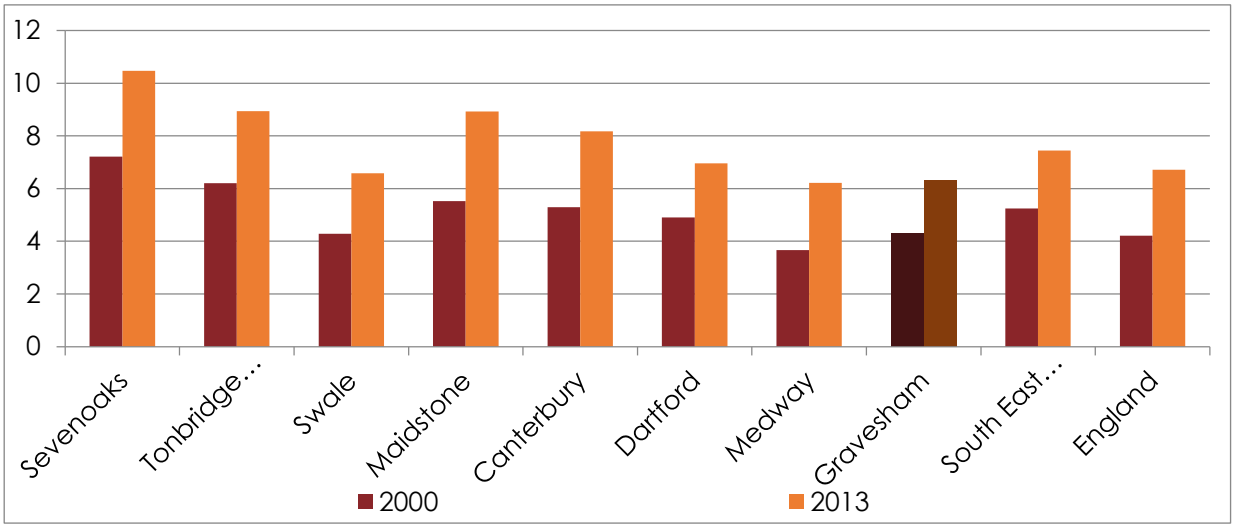


Source: CLG Live Table Affordability Ratios

5.100 The same phenomenon of worsening affordability is also apparent in **median** earning and house prices. In 2013 the median affordability ratio of Gravesham (6.31) had increased by 47% from its 2000 level, which is a faster rate of change compared to the South East region (42%) but slower than the sub-region (51%) and England (60%). However, notwithstanding this,

Gravesham remains amongst the most financially accessible districts with affordability ratios well below the sub-region (7.82), region (7.45) and England (6.72).

Figure 34 - Median Affordability Ratios, 2000 and 2013



Source: CLG Live Table Affordability Ratios

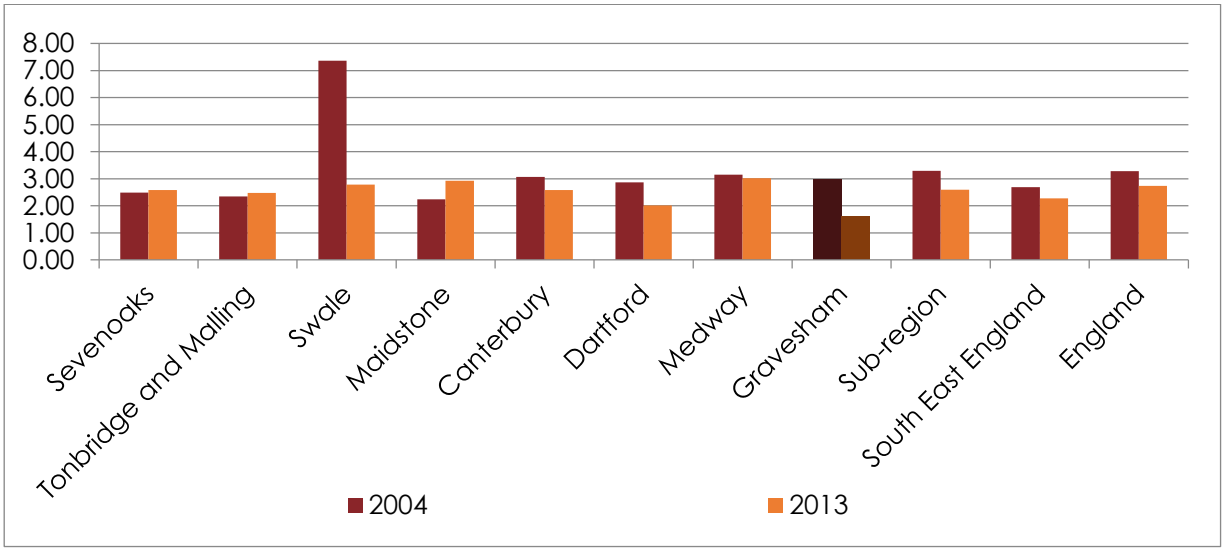
Vacancy Rate

5.101 Vacancy rates can indicate a mismatch between supply and demand because they can identify a surplus or shortage of available stock to meet needs. A certain level of vacancy (typically 3%) is required to ensure adequate 'churn' of housing.

5.102 Figure 35 shows the percentage change in the number of vacant properties between 2004 and 2013. It shows that there has been some variation across the sub-region with some LPAs experiencing increasing vacancy rates (by up to 31% in Maidstone), whilst the majority have experienced a decrease.

5.103 Across the sub-region as a whole the vacancy rate changed from 3.33% in 2004 to 2.60% in 2013, equating to a decrease of 22%. In Gravesham the vacancy rate decreased by 46% (the second greatest decrease) to the lowest observed vacancy rate of 1.61%; considerably lower than the sub regional average. Whilst this analysis of vacancy rates could be suggestive of supply-led pressure in Gravesham, there are other issues potentially at play including incentives to bring empty homes back into use (through the New Homes Bonus) and Council Tax arrangements for empty properties, which penalises vacancies. This explains why vacancies have dropped in Gravesham, with a high success rate from the Empty Property Officer who focuses on occupying vacant properties.

Figure 35 - Vacancy Rates, 2004 and 2013



Source: CLG Live Tables on Vacant Dwellings

Concealed Households

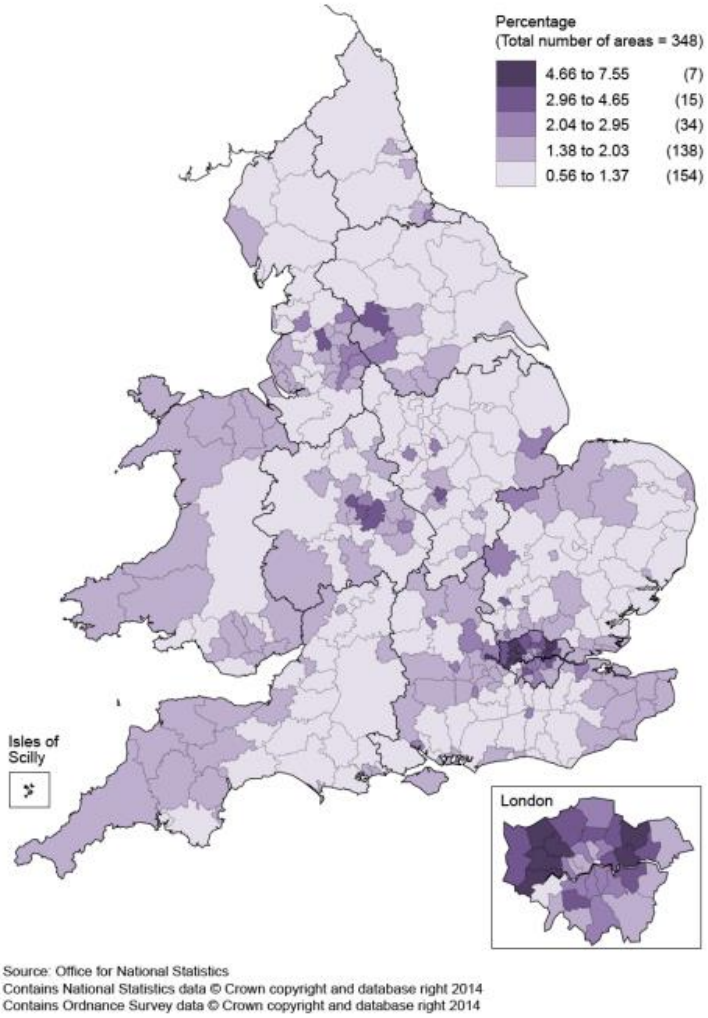
5.104 Concealed households are family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity. The 2011 Census defined a concealed family as a couple or single parent family, living in a multifamily household, where the Family Reference Person (FRP)[51] is not the Household Reference Person (HRP)[52]. Each family living in a household includes a FRP identified on the basis of economic activity and age characteristics.

5.105 Indicators, including overcrowding, sharing households, homelessness and households in temporary accommodation, can demonstrate unmet need in an area. The PPG suggests that long term increases in such households can signal the requirement for increased planned housing numbers in an area.

[51] The FRP is the 'head' of the family, which is usually the oldest full time employed person in the family.
[52] The HRP is the 'head' of the households, which is usually the oldest full time employed person in the household.

5.106 However, a degree of caution should be exercised when analysing such data as some people may choose to live in such arrangements or in more overcrowded accommodation due to cultural practices (i.e. living in extended families) or accepting of such conditions due to location or other factors.

Figure 36 – Percentage of families that were concealed families in 2011 by local authority in England and Wales


Percentage
(Total number of areas = 348)
4.66 to 7.55 (7)
2.96 to 4.65 (15)
2.04 to 2.95 (34)
1.38 to 2.03 (138)
0.56 to 1.37 (154)
Isles of Scilly
London
Source: Office for National Statistics
Contains National Statistics data © Crown copyright and database right 2014
Contains Ordnance Survey data © Crown copyright and database right 2014

Source: ONS February 2014

5.107 The proportion of concealed families in an area may relate to cultural differences in familial ties between ethnic groups. Within England and Wales, such households are more than twice as likely to have a HRP of non-white or mixed ethnic group (24 per cent) compared with all households (11 per cent).

5.108 The twenty local authorities with the highest proportions of concealed families[53] also have high proportions of the population identifying with a non-white ethnic group including Indian,

[53] See Table 2 of ONS paper 'What does the 2011 Census tell us about concealed families living in multi-family households in England and Wales'

Pakistani or Bangladeshi. The high proportions of concealed families in these areas may be a result of closer familial ties in Asian cultures.

5.109 Table 52 sets out data on concealed families for Gravesham, the sub-region, the region and nationally and how numbers have changed over time. It is clear that concealed families have increased significantly between 2001 and 2011. In Gravesham the total change was 80%, with 15% of families under 25 year old54 concealed. When compared with the sub-region (77%) and regionally / nationally (71%) growth in concealment is higher, and the percentage of under 25 year old families concealed at 15%, is higher than the sub-region, region and nationally. The significantly increases in Gravesham are perhaps put in context by reference to Dartford, where concealed families has more than doubled (138% increase).

5.110 Overall, the market signals information in respect of concealed households provides some evidence of housing market pressures in Gravesham, albeit cultural factors may also be distorting the evidence here somewhat.

Table 52 - Concealed families in 2001 and 2011 and by age (FRP).

	Concealed FRP All (2001)	Concealed FRP All (2011)	Increase %	Concealed FRP Under 25 (2011)	Concealed FRP 25 to 34 (2011)
Canterbury	351	583	66.10%	12.17%	3.51%
Dartford	211	503	138.39%	12.45%	3.27%
Gravesham	**426**	**767**	**80.05%**	**14.63%**	**6.23%**
Maidstone	347	666	91.93%	11.07%	3.43%
Medway	782	1,312	67.77%	13.03%	3.48%
Sevenoaks	270	420	55.56%	14.10%	3.41%
Swale	342	652	90.64%	12.88%	3.69%
Tonbridge and Malling	279	430	54.12%	13.39%	2.89%
Sub-region	3,008	5,333	77.29%	12.84%	3.68%
South East	**23,063**	**39,465**	**71.11%**	**13.96%**	**3.75%**
England	**161,254**	**275,954**	**71.12%**	**12.76%**	**4.01%**

Source: 2001 and 2011 Census on Concealed Families

Overcrowding

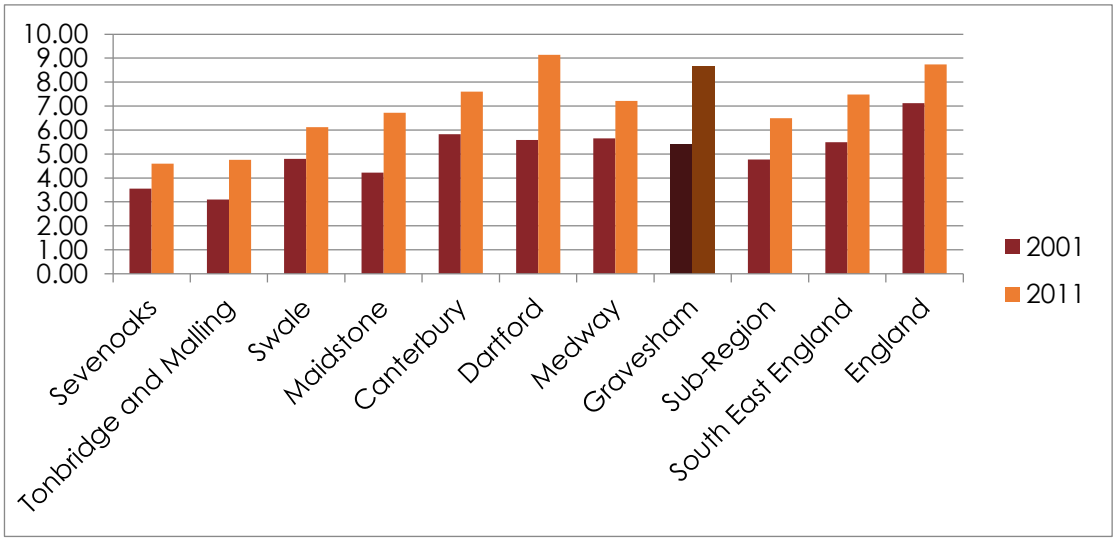
5.111 Overcrowding levels can be examined using Census data concerning the number of households with an occupancy rating of -1 or -2, i.e. households living in accommodation with one or two (or more) fewer rooms than required. They are presented as a percentage of all households.

5.112 Current overcrowding levels vary significantly across the sub-region, ranging from 4.59% in Sevenoaks to 9.14% in Dartford. With an overcrowding rate of 8.67% Gravesham has the second highest level of overcrowding in the sub-region, considerably higher than levels recorded for the sub-region and region (7.48%), but marginally lower than nationally (8.74%). In Gravesham this amounts to around 3,500 households.

5.113 Between 2001 and 2011 all districts experienced an increase in the percentage of households living in overcrowded conditions, although the rate of change was slight, ranging from 1.04% to 3.56% increase. In Gravesham, the level of overcrowding rose at a considerably faster rate (3.25%) than that experienced in the sub-region (1.97%), region (1.99%) and nationally (1.61%) and could indicate a lack of sufficient quantity or quality of housing. Notwithstanding, overcrowding can also be a cultural phenomenon with some ethnicities preferring to live in

larger households. This is considered in more detail in Section 8 of the report, in relation to the housing requirements of Black and Minority Ethnic (BME) households.

Figure 37 - Rates of Overcrowding, 2001 and 2011



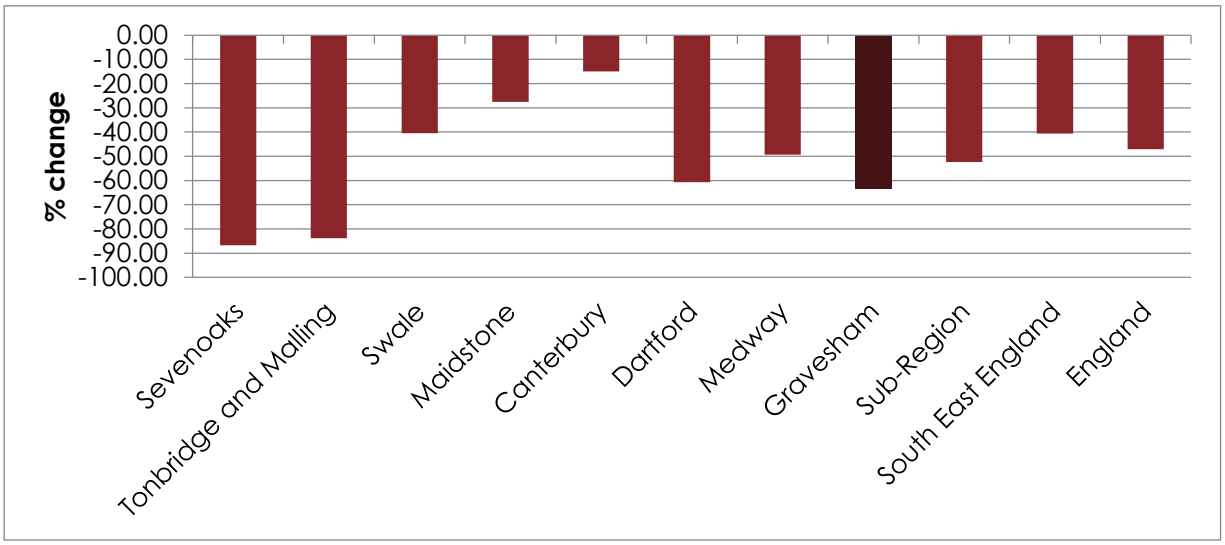
Source: Census on occupation rating

Homeless Households

5.114 Figure 38 illustrates the percentage change in the number of homeless households between 2005 and 2013.

5.115 Across all spatial levels there has been a decline in the number of homeless households. Gravesham saw a faster rate of decline in the number of homeless households (-63%) than in the sub-region (-52%), region (-40%) and at national level (-47%). This indicates an improving picture in terms of homelessness both absolutely and relatively.

Figure 38 - Percentage Change in Homeless Households, 2005 to 2013



Source: Shelter Homeless Statistics

Shared Dwellings

5.116 All LPAs have a very small proportion of dwellings which are shared, ranging from 0.014% (7 shared dwellings) in Sevenoaks to 0.092% (59 dwellings) in Canterbury. The sub-regional average proportion of shared dwellings is 0.046% of total housing stock, which is smaller than the regional average (0.072%) and considerably smaller than the national average (0.09%). The average for Gravesham is 0.043% with 18 shared dwellings.

5.117 The low proportions demonstrated across the sub-region and in Gravesham indicate that shared households are not a strong indicator of demand levels in this location.

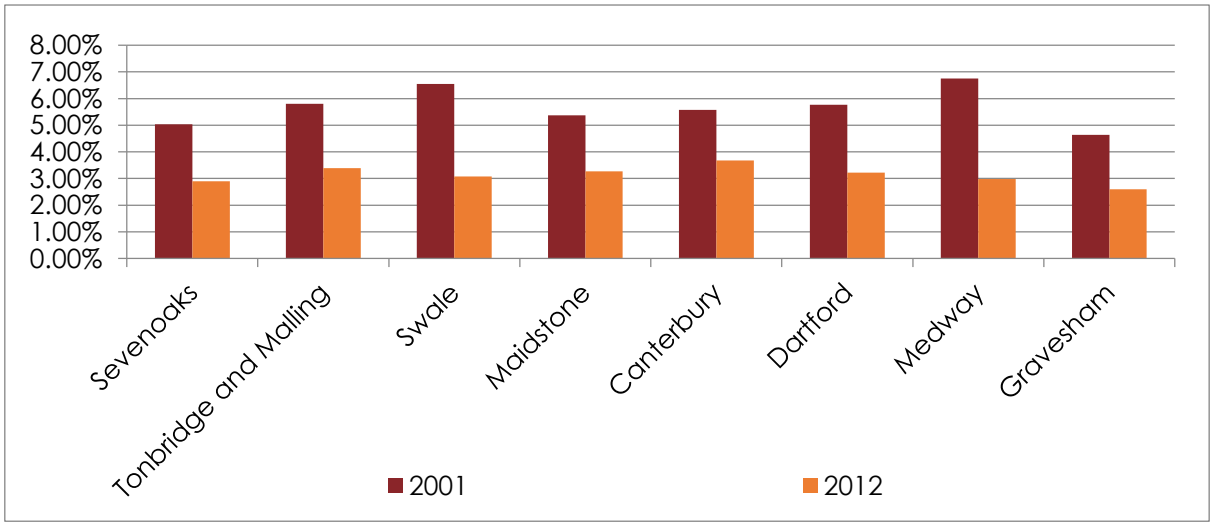
Housing Market Activity

5.118 The sub-region, South East and England all experienced a decline in the number of transactions as a proportion of total dwelling stock between 2001 and 201255. This is due to the effects of the economic downturn and in particular the effect of mortgage availability in the latter years of that period.

5.119 The rate of housing market activity for Gravesham declined by 43.95% over this period, which is a lower rate of decline than experienced in the sub-region (-46.09%), South East region (-46.99%) and nationally (-50.44%).

5.120 The 2012 rate of housing market activity in Gravesham was 2.60%. This is the lowest transaction rate in the sub-region LPAs and considerably lower than sub-regional and South East region rates (3.15% and 3.30% respectively), although not too dissimilar to the national rate (2.75%).

Figure 39 - Housing Market Activity Rate, 2001 and 2012



Source: CLG. Live table, transactions

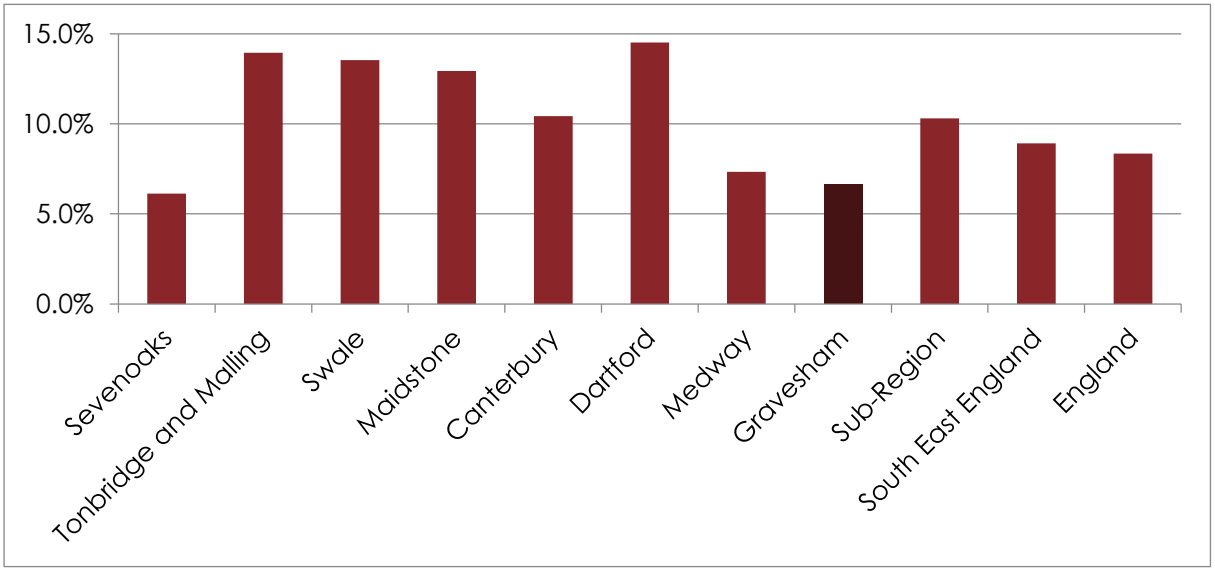
[55] 2012 is the last available data point published by the DCLG Live Tables

5.121 Transaction rates can, in some circumstances, be considered a good indicator of housing market activity and thus demand levels. However, the transaction rate can be artificially suppressed by other influencing factors, such as the planning system or other political decisions. As a result, data on transaction rates must be used with an element of caution, recognising that they may not be a wholly accurate reflection of absolute housing demand when used in isolation.

Rate of Development

5.122 The rate of development is a market signal related to the quantity of past housing supply. Figure 40 shows the percentage growth in total dwelling stock between 2001 and 2011.

Figure 40 - Percentage Change in Total Dwelling Stock, 2001 to 2011



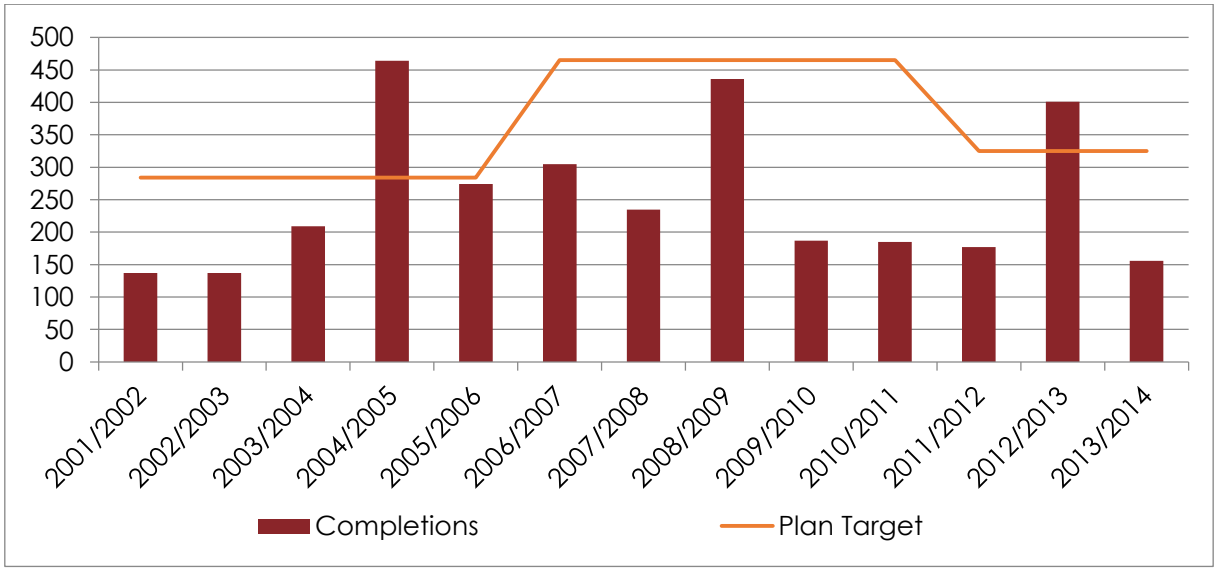
Source: Census 2001 and 2011

5.123 Between 2001 and 2011 all districts experienced growth in total housing stock, with the sub-regional housing stock growing by around 10%. The rate of growth in Gravesham was considerably lower at 6.6%; lower also than regional and national dwelling stock increases (8.9% and 8.3% respectively). This may indicate that there has been limited demand for the supply of new homes in Gravesham across the 10 year period albeit the rate of development is as much as function of planning controls as it is of demand.

5.124 Figure 41 illustrates the number of housing completions (net) in Gravesham against the plan target in force at the time, taken from the Council's Annual Monitoring Reports. It is important to note that whilst the Local Plan requirement increased significantly between the Kent and Medway Structure Plan and the South East Plan (2005 to 2006), this was due to its focus on Gravesham as a location for brownfield focussed regeneration as well as assumptions about increased capacity and deliverability of allocated sites in the Gravesham.

5.125 It is also important to note that policy requirements do not necessarily reflect 'need' and many authorities, such as Gravesham, were identified for higher levels of growth in Regional Spatial Strategies due to their regeneration capacity. This is explained by Gravesham's 2012 Strategic Housing Market Assessment (Interim Update)56, which sets out that between 2006 and 2026 the demographic evidence was pointing to a housing need of between 3,700 and 4,000 dwellings. Notwithstanding this, Gravesham was allocated a requirement for 9,300 dwellings over the same period in the South East Plan (Policy H1).

Figure 41 – Net Completion rates for Gravesham, 2001 to 2013



Source: Gravesham Council Annual Monitoring Reports

5.126 Notwithstanding this, the PPG instructs that plan makers should assess housing delivery against planned levels of housing. *"If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likely of under delivery."*[57]

5.127 Over the period from 2001 to 2014, a total of 3,303 dwellings were completed in Gravesham equating to an average of 254 dpa. Figure 41 shows that completion trends in Gravesham have been volatile, broadly following a four year cycle of peaks and troughs. Pre-recession, numbers of completions were growing from a low of 137 dwellings in 2001 to a peak of 464 dwellings in 2004/2005 before dropping considerably. In 2008/2009 a peak of 436 dwellings were completed before the number fell significantly again to circa 180 dpa for the following three years. Notably, the completion rate spike in 2012/13 (401 dwellings) was only the second time that completions exceeded housing requirements in the 12 year period.

5.128 High rates of development can be a sign of demand in an unconstrained housing market; however, development is ultimately controlled by planning system and is also affected by

[56] Annex 7
[57] PPG Ref ID: 2a-019-20140306

economic cycles. Housing completion data should be used with an element of caution rather than a clear indicator or demand or in the case of Gravesham potential lack thereof. However, housing completions have repeatedly failed to meet the required rates of delivery, which may in turn have exacerbated the amount of demand for new homes.

Summary

5.129 The PPG states that "*Appropriate comparisons of indicators should be made. This includes comparison with longer-term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these* indicators *will require upward adjustment to planned housing numbers compared to ones based solely on household projections.*"[58] It is important to note that the PPG states upward adjustments should be made to planned numbers based solely on household projections (i.e. demographic indicators of housing need not economic indicators). Furthermore, the PPG is clear that any indicator can justify an increase in planned housing numbers. This report has therefore identified;

- Whilst median house prices remain amongst the lowest in the sub-region, Gravesham has experienced significant levels of inflation, above regional levels but less than national levels;
- Whilst rents (median and lower quartile) are some of the lowest in the sub-region and are increasing at a lesser rate than the surrounding authorities, they have increased at a faster pace than experienced regionally and nationally;
- Whilst Gravesham remains relatively financially accessible when compared to the majority of neighbouring authorities, affordability (lower quartile) has significantly worsened and at a faster rate than observed for the sub-region, region and England. Median affordability however has also worsened although not relative to the surrounding authorities and nationally. This points to an issue at the lower end of the housing market;
- Vacancy rates have decreased faster that the sub-region and to the lowest rate in the sub-region;
- Concealed families have increased at a faster rate than the sub-region, region and nationally although there are complexities here in terms of the cultural diversity of Gravesham relative to these areas;
- Levels of overcrowding in Gravesham have increased considerably; outpacing change in sub-region, region and national levels;
- Housing market activity has declined significantly but not to the same extent as the surrounding authorities. The rate of development (between the Censuses) has been lower

[58] PPG Ref ID: 2a-020-20140306

than the sub-region, region and nationally despite which could explain why other market signals are indicating demand-pressures. Furthermore, housing completions have consistently under-delivered relative to past requirements demonstrating the potential for this trend to continue.

5.130 Overall therefore, there are factors which indicate a mismatch historically between supply and demand in Gravesham and point towards the possibility of this continuing if housing levels are not increased. The extent of an uplift is considered below, particular in the context of the demographic and economic evidence.

OAN Conclusions

5.131 Overall, the demographic scenarios explored in this report point to a need for between 451 and 476 dpa. It is concluded that longer-term migration trends should be considered and a partial (but not full) adjustment should be made to take account of UPC. This results in an average long term migration scenarios of 465 dpa.

5.132 This section of the report has explored a number of economic scenarios. Sector Growth sets out the growth associated with baseline economic trends and capacity in Gravesham. Sectors & London Paramount explores the additional effect of indirect employment in Gravesham associated with London Paramount. Sectors & London Paramount Total explores the additional effect that London Paramount might have in terms of drawing the economically active population of Gravesham to the direct employment in Dartford (where London Paramount is located). Given the uncertainties associated with London Paramount (it has yet to be given consent despite a planning application being submitted), this report will discuss a range of results.

5.133 The Sector Growth scenario indicates a need for between 396 and 465 dwellings per annum. Regardless of the economic activity sensitivity that is used, the average long-term scenario provides sufficient labour force to meet this scenario – i.e. there is no justification for an increase to demographic needs to meet this economic scenario.

5.134 If London Paramount were to be delivered it would have an impact both in terms of employment levels in Gravesham and commuting. With regard to the former (Sectors & London Paramount Indirect), the additional growth in indirect London Paramount employment in Gravesham would require additional labour force, population growth and therefore household growth in Gravesham. This results in dwelling need for between 495 and 569 dpa depending on the economic activity sensitivity used (Sensitivity 2 and 1 respectively). Both of these requirements are higher than the average long term migration scenarios (6.5% and 22.4% respectively).

5.135 In terms of the Sectors & London Paramount Total scenario, this assumes the same level of indigenous employment growth as the Sectors & London Paramount Indirect Scenario but provides an additional consideration – it calculates roughly59 the level of workers that one might expect commuting from Gravesham to Dartford to work in the London Paramount resort. Sectors & London Paramount total scenario calculates that around 3,767 workers from Gravesham would be required. Taking both of the Sectors & London Paramount Indirect sensitivities (495 and 569 dpa) neither would deliver sufficient economically active persons to meet this additional requirement for workers beyond the boundary of Gravesham (falling short by 1,164 and 1,199 economically active persons respectively). Notwithstanding this, there is inherent and significant uncertainty with this analysis given it is based on very specific assumptions about the historic commuting relationships in the sub-region and how these might change in response to a new regional employer. It is therefore not considered appropriate to set out a higher level of housing which would meet the Sectors & London Paramount Total Scenario.

5.136 As already set out earlier, it is the conclusion of this report, that if the London Paramount resort is not delivered there will be no additional need for housing in Gravesham. However, if London Paramount does come forward, it will require an increase in housing to respond to indirect employment effects (of between 6.5% and 22.4%) with the potential for further increases to support the growth of what would be a regional employer outwith the authority. It is for Dartford (the host local authority for the London Paramount resort) to agree through the Duty to Cooperate the additional labour force which may be required from the surrounding authorities and therefore it lies beyond the direct scope of the OAN.

5.137 Given the market signals evidence, there is evidence of supply and demand imbalances that would justify an increase in housing supply above the demographic projection (average long term migration scenario 465 dpa). This is driven by the consideration of the following market signals factors (which were detailed earlier in this Section); house prices, vacancy rate, concealed households, overcrowding, and rate of development.

5.138 The PPG sets out no mechanism for adjusting the demographic-trend based projection for market signals, but it does say that the increase should be appropriate for the scale of demand and the local context. As set out, the Sector Growth scenario entails no increase above 465 dpa. The Sectors & London Paramount Indirect Scenario (Sensitivity 1) with an annual need for 569 dwellings per annum provides a significant increase (22%) and when compared to historic completions that averaged 254 between 2001 and 2014, this is an even more significant increase of 124%. An increase in economic activity (Sectors & London Paramount Indirect Scenario Sensitivity 2) would decrease this to 495 dwellings per annum. On

[59] A full description of the approach to this estimate can be found within Section 5 of the companion Gravesham Employment Land Needs Assessment (Pg 29-32)

the balance of evidence, it is considered that increases in economic activity above the Kent County Council assumptions (i.e. above Sensitivity 1 towards Sensitivity 2) are likely given trends in the latest Census, changes in the provision of pensions and the statutory pension age which would suggest that the figure of 495 dpa is appropriate to meet both Sector Growth and Sectors & London Paramount Indirect growth rates.

5.139 An OAN of at least 495 dwellings per annum would provide a 6.5% increase above demographic needs (average of 465 dpa) and **would seem, on balance, the level that should be provided.** This would provide an increase of 95% over past delivery rates.

5.140 An increase in housing delivery above demographic trends (from 465 to 495 dpa) has the potential to influence the demographic dynamics of the surrounding authorities, as increasing numbers of migrants are attracted to the housing opportunities in Gravesham.

5.141 An increase in housing delivery above 495 dwellings per annum could lead to an increase in out-commuting and or unemployment. This is because new and / or existing economically active residents would find it difficult to find local employment due the large increases in in-migration (required to deliver this level of housing growth) combined with the increased levels of indigenous workforce (i.e. older persons and women (re) entering the job market).

5.142 The demographic, economic and market signals evidence therefore points to an OAN of 495 dpa which would reduce worsening affordability by provide a requirement 95% higher than past completions and above demographic trends. It would provide sufficient labour force to meet the Sector Growth and Sectors & London Paramount Indirect employment scenarios, should London Paramount be delivered. Further discussions should continue with Dartford about the implications of London Paramount on commuting and the ability of Dartford to meet its own employment needs in light of the shortfall in economically active population required to deliver the Sectors & London Paramount Total scenario.

6. Affordable Housing Need

6.1 The preceding Housing Trends and Objectively Assessed Housing Needs sections have considered the operation of the housing market and the housing requirement overall. This section examines the specific need for affordable housing; that is housing provided for people who are unable to access suitable homes in the open market. This includes consideration of the **overall** need for affordable housing and **specific types of tenure**.

Defining Affordable Housing Needs

6.2 'Housing need' refers to households lacking their own housing or living in unsuitable housing and who cannot afford to meet their needs in the market. It is for those in housing need (i.e. those who cannot meet their housing requirements in the private sector) that the state needs to intervene in the market to ensure households have access to suitable housing.

6.3 Establishing an estimation of the level of current and future housing need ensures that policy aimed at providing new affordable housing is responsive to the needs of households within the authority.

6.4 Affordable housing is housing provided to eligible households who are in housing need but whose needs cannot be met by the open market i.e. owner occupied housing or private rented sector. The National Planning Policy Framework defines affordable housing as follows:

> *"Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*
>
> *Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.*
>
> *Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).*
>
> *Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.*

Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes." (NPPF, Annex 2: Glossary)[60]

Ascertaining Affordable Housing Need Utilising Secondary Data

6.5 The CLG SHMA: Practice Guidance advocates an approach to calculating housing needs which moves away from a purely primary survey based approach to one which is based on secondary data sources. This is supported by the focus on using suggested secondary data sources within the Planning Practice Guidance (NPPG).

6.6 The approach taken in this report satisfies the requirements of SHMA Guidance in the NPPG (and Practice Guidance) through collation and 'cleansing' of secondary data sources, including waiting list data and planned stock intervention, to produce a housing needs assessment.

Calculating Affordable Housing Need

6.7 The calculation of affordable housing need is intended to provide an estimate of the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (NPPG Paragraph: 023 Reference ID: 2a-023-20140306).

6.8 This need is considered on an annual basis, and to meet the need over the remaining Local Plan Period from 2014 – 2028 (where the Full Local Plan Period runs from 2011 – 2028), and the projection period (from 2012 to 2037).

6.9 As stated in the NPPG (Paragraph: 022 Reference ID: 2a-022-20140306); "*This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock*".

6.10 There are three core considerations for understanding affordable housing need:

- **Current Housing Need (Gross Backlog):** There is a range or spectrum of 'need', from those in urgent need of housing (the priority list including Housing Register Bands A-C), to those who are living in overcrowded or substandard homes, and those who would like affordable housing but are not in urgent need of re-housing (the standard waiting list). As households in Band D are already having their needs met and are not

[60] This does not take into account the current CLG consultation on changes to the NPPF, which includes a proposed broadening of the affordable housing definition (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482889/ConsultationNPPF_fin.pdf)

identified as a reasonable preference group with priority need, they are not included as part of the current affordable housing need figure in this study.

- **Future Housing Need (Short and Long-term need):** In the long-term, demographics, housing market trends and employment forecasts examined in the preceding section suggest that the overall demand for housing in Gravesham will continue to be very strong. Based on cost and income characteristics, the share of requirement for affordable housing will be significant.
- **Future Affordable Housing Supply:** There is a level of total new affordable housing stock that will become available, consisting of a combination of opportunities within the existing stock and the committed supply of new affordable housing that will be provided. There is stock which will constitute future affordable supply based on transfers and turnover of social and intermediate affordable housing. However, this must also account for the proportion of units which may be lost from the affordable supply stock.

Key Method and Datasets for the Affordable Housing Needs Calculation

6.11 The model used in the calculation of total and net affordable housing need involves four key steps:

- **Step 1: Current Affordable Housing Need;**
- **Step 2: Future Affordable Housing Need;**
- **Step 3: Future Affordable Housing Supply; and**
- **Step 4: Total and Net Affordable Housing Need**

6.12 A number of assumptions have been made to inform these steps. Although liable to change during the model period, some variables have been kept constant due to difficulty projecting change. These Include:

- A continuation of existing households falling into need;
- A continuation of the annual supply of social re-lets; and
- A continuation of the annual supply of intermediate affordable housing for re-let or resale at sub-market level (no account has been taken of planned changes to Right to Buy and its implication on Housing Association stock as this has yet to be fully rolled out by the government and therefore the impacts remain unknown).

6.13 In each step, transfers are excluded from data (as they have a nil net effect), and trends over the last three years have been used. This represents a credible and robust timeframe from which to assume continuing trends, without specifically representing boom and bust years in the housing market.

6.14 Finally, the calculation does not incorporate policy impacts that may be influential over the projection period, such as local or national policy changes which could alter wage levels, employment, affordable housing delivery, and in turn, local affordability patterns.

6.15 The following sub-sections address each of these steps in further detail, identifying the sources of data and assumptions which inform the calculation steps. Following this,

6.16 Table 60 brings together the steps and their data inputs to calculate total affordable need over the projection period (2014 - 2037), the remaining plan period (2014 - 2028) and as annualised figure over this period.

Current Affordable Housing Need (Gross Backlog)

6.17 Table 53 sets out the detail of Step 1 of the affordable housing requirements calculation, the calculation of current affordable housing need, indicating the specific data sources and assumptions for this step.

Table 53 - Affordable Housing Requirement Calculation: Step 1

Step 1 – *Current* Affordable Housing Need		
Step	**Calculation**	**Data Sources & Assumption**
1.1 Homeless households and those in temporary accommodation		Assumed to be included within the total Gravesham Borough Council (GBC) Housing Register figure (in Step 1.3) and therefore assumed to be 0 at this Step.
1.2 Overcrowded and concealed households		Assumed to be included within the total GBC Housing Register figure (in Step 1.3) and therefore assumed to be 0 at this Step.
1.3 Other groups (other groups on the waiting list)		Identified from GBC Housing Register; All households registered on the housing waiting list across all priority bands, assumed to include homeless households and those in temporary accommodation and overcrowded and concealed households. This figure excludes transfer tenants.
1.4 Total current housing need (gross backlog)	**= 1.1 + 1.2 + 1.3**	**BGVA calculated**

6.18 For Step 1.1, the number of homeless and temporary households is assumed to be included within those households who have joined the housing register, as those who are eligible to join will be added to the register. The total housing register figure is used as the input for Step 1.3, so to avoid double counting the figure in Step 1.1 is assumed to be zero. This is the most robust and accurate approach for including homeless households and those in temporary accommodation within the total current affordable housing need.

6.19 Homeless households and those in temporary accommodation can be placed in Band A, B and C of the Housing Register, depending on their particular circumstances, full details of

which are set out in the Council's Housing Allocations Policy[61]. Generally, those categorised within Band A are homeless households owed the main re-housing duty, who are in temporary accommodation, but whose needs cannot be met without permanent social housing sector accommodation (e.g. has severe medical, disability or vulnerability needs). Those categorised within Band B are households who have been rough sleeping for a minimum of 3 months, but who are not in priority need as defined by homeless legislation. Those categorised within Band C are owed the main rehousing duty or assessed as being threatened by homelessness. However, these households could be awarded a higher band, and may just be placed in this band whilst their needs are properly assessed.

6.20 For Step 1.2 overcrowded and concealed households that are eligible to join the housing register are included in the waiting list. As indicated above, the total housing register figure is used as the input for Step 1.3, so to avoid double counting the figure for Step 1.2 is assumed to be zero. As for homeless households and those in temporary accommodation, whilst overcrowded and concealed households are not guaranteed to join the housing register (immediately, if at all), and are a difficult group to quantify, this figure is the most robust and accurate source of Gravesham overcrowded and concealed households available for Step 1.2 of the calculation.

6.21 Where there is no way to make their current property suitable for their household size, those households who are designated as being statutorily overcrowded are placed in Band B if they lack 2 or more bedrooms compared to their household size, and Band C if they lack 1 bedroom compared to their households size.

6.22 Step 1.3 is referred to as Other groups and includes the households within all the three priority bands of Gravesham's housing register (Band A, B and C), excluding existing tenant transfers. Band D is not considered a priority band because as set out in Section 3, this band contains "*home seekers without prioritised housing need factors*", and households in this property would only be allocated a property if all households in Bands A-C had refused it. As shown in Table 54, there a total of 1,124 households on the register across Bands A-C, excluding transfers. This figure of 1,124 households is the input for Step 1.3.

[61] http://www.gravesham.gov.uk/__data/assets/pdf_file/0011/185879/Housing-Allocations-Policy.pdf

Table 54 - Housing Register (excluding transfers)

	Band A	Band B	Band C	Total
1 bedroom	15	118	474	**607**
2 bedrooms	28	109	232	**369**
3 bedrooms	8	18	77	**103**
4+ bedrooms	3	6	36	**45**
All	**54**	**251**	**819**	**1,124**

Source: Gravesham Council, July 2015

6.23 This Step 1 analysis is hence based on current unique households on the Gravesham Council Housing Register. These are assumed to make up the backlog of current housing need and these figures are inputted directly into the column for the remaining Local Plan period (14 years) under the assumption that full net affordable housing backlog is addressed by the end of the plan period.

6.24 Although there can be fluctuation in this register, it provides a snapshot from July 2015 which is the most accurate reflection of current unmet need. This is caveated by the fact that housing register figures fluctuate over the course of a year, with new households joining the register and other households leaving it. However, it provides the most accurate and robust reflection of current unmet housing need.

6.25 Transfers are excluded from the total figure because when they take place they occupy an affordable property but also release a property for another household to occupy. This results in a zero net effect on affordable housing need.

Future Affordable Housing Need

6.26 Table 55 sets out the detail of Step 2 of the affordable housing requirements calculation, the calculation of future affordable housing need, indicating the specific data sources and assumptions for this step.

Table 55 - Affordable Housing Requirement Calculation: Step 2

Step 2 – *Future* Affordable Housing Need		
Step	**Calculation**	**Data Sources & Assumption**
2.1 New Household formation (per annum)		Additional new households formed over the projection period using the demographic based OAN household growth figure of 453 households per annum (which equates to the 465 dwellings per annum figure). This is based on the average of long term migration scenario, which uses the latest updated households projections to include data from the 2013 and 2014 MYE including long term migration consideration with partial adjustment to take account of UPC.
2.2 Proportion of newly emerging households unable to buy or rent	Expressed as % but figure also provided Figure = % x 2.1	Comparison of housing costs for purchase (LQ house price with 90% LTV mortgage) and for LQ rent (2&3 bedrooms – market and affordable rent). BGVA calculated from CACI Paycheck (Household Income), VOA (Private Rental Costs) and CLG (LQ House Prices).
2.3 Existing households falling into need		Existing households falling into need based on the CORE data 3 year average of total new general needs and supported housing lettings, excluding transfers (existing affordable housing tenants who are already in need).
2.4 Total newly arising housing need	**= (2.1 x 2.2) + 2.3**	**BGVA calculated**

6.27 For Step 2.1 estimates of new household formation over the projection period, the remaining Local Plan period and on an annual basis have been produced for Gravesham as the most up to date position. The demographic based need for Gravesham is identified in Section 4 to have a range from 440 to 464 new households per annum. The new household formation figure is based on the long term migration scenario which uses the latest updated household projections to include data from the 2013 and 2014 MYE, including long term migration consideration with partial adjustment to take account of UPC. This is the most robust demographic based projected figure for household growth.

6.28 In relation to Step 2.2, the proportion of these newly forming households who cannot afford to meet their needs in the market is established in the section relating to affordability which compares household income bandings (using CACI Paycheck data) with housing cost thresholds for home purchase (at lower quartile prices with 75% and 90% LTV mortgages) and market and affordable rental costs (for 2&3 bedroom properties). The base analysis considers affordability to constitute not more than 30% of income being spent on housing.

6.29 For this sensitivity, if spending of up to 30% of household income on housing is considered affordable, it was calculated that 51% of households cannot afford the annual payment for house purchase with a 90% LTV mortgage, or 2 & 3 bedroom market rent, and 43% of households cannot afford the annual payment for house purchase with a 75% LTV mortgage or 2 & 3 bedroom affordable rent.

6.30 The Step 2.2 output is expressed as the 51% of households who cannot afford 90% LTV mortgage home purchase and market rent (with the number of households unable to afford this figure also calculated). The 51% unaffordability level is considered as the most relevant for inclusion in Step 2.2 of this assessment because it relates to both home purchase (with a 90% LTV mortgage level) and market rent (of 2&3 bedroom properties)62.

6.31 The data for Step 2.3 to estimate existing households falling into need is taken from CORE lettings data63 over the 3 year period from 2011-12 to 2013-14. As shown below in Table 56, by using the data on previous accommodation type for all re-lets and new lets, this allows an estimation of the existing households falling into need, excluding those who are already in need (in the form of transfers who were previously general needs and supported housing tenants). The 3 year average of 392 households is used as the annual figure, which is then scaled up to reach the figure over the remaining Local Plan period (5,488 households) and over the projection period (9,800 households).

Table 56: Previous Accommodation Type of Social Re-lets and New Lets

	Previous accommodation							
	General Needs LA tenant	General Needs HA tenant	Supported housing (various)	Private sector tenancy	Owner occupied (private and low cost ownership)	Living with family or friends[64]	Other	Total: excluding transfers
2011-12	141	20	31	62	21	0	284	**367**
2012-13	156	17	39	77	42	0	360	**479**
2013-14	96	27	24	75	32	111	112	**330**
Average	**131**	**21**	**31**	**71**	**32**	**37**	**252**	**392**

Source: CORE, 2015 (obtained by Gravesham Borough Council)

6.32 The CORE data here is used to demonstrate the most recent trend of households falling into need and housed, which is applied as the likely trend over the projection/plan period in Step

[62] The affordable housing requirements calculation table is also produced using the Step 2.2 affordability proportion of 43% who cannot afford to buy or rent (which applies to 75% LTV mortgage home purchase and 2&3 bedroom affordable rent, as shown in Appendix 1. However, this is not consider as suitable a representation of affordability in Gravesham considering that in terms of rental properties it only reflects access to affordable, rather than market rent levels.

[63] The Continuous Online Recording System (CORE) is a national information source funded jointly by the Housing Corporation and the CLG that record information on the characteristics of registered providers new social housing tenants and homes they rent and buy.

[64] It should be noted that the inclusion of those who previously lived with family and friends means the total average figure may include some households that were not existing (i.e. people who lived with their family household and have formed their own to move into social housing). However, this is not necessarily the case, and existing households may also have had to move in with family due to affordability issues. This category of previous accommodation is therefore retained.

2.3 of this calculation. Whilst there is no certainty that this trend will continue over the whole period, particularly considering that it reflects a period in time at a lower point of the economic cycle than at present, it constitutes the most robust way in which the potential future trend can be included based on available data.

6.33 The continuation of the trends used as inputs for Steps 2.2. and 2.3 are both also dependent on the affordability level for Gravesham residents remaining static over the projection/plan period. Whilst there is likely to be some form of variation in this level over the period, this again constitutes the most robust data available to inform these inputs.

6.34 The proportion of newly emerging households unable to buy or rent is applied to the level of new household formation (Step 2.1 x Step 2.2). This is then added to the number of existing households falling into need (Step 2.3), in order to reach the total newly arising need which constitutes Step 2.4.

Future Affordable Housing Supply

6.35 Table 57 sets out the detail of Step 3 of the affordable housing requirements calculation, the calculation of future affordable housing supply, indicating the specific data sources and assumptions for this step.

6.36 This step identifies the current stock that can be used to accommodate households in future affordable need as well as the future pipeline supply of affordable housing.

6.37 Steps 3.1 – 3.5 are used to calculate total new affordable housing stock available. Transfer applications are discounted from Steps 3.1, 3.2, 3.3 and 3.6. On this basis, for Step 3.1 the level of affordable dwellings occupied by households in need is set at zero.

6.38 Figures for surplus stock, Step 3.2, committed supply of new affordable housing, Step 3.3, and units to be taken out of management, Step 3.4, have been provided by Gravesham Borough Council.

Table 57 - Affordable Housing Requirement Calculation: Step 3

Step 3 – *Future* Affordable Housing Supply		
Step	**Calculation**	**Data Sources & Assumption**
3.1 Affordable dwellings occupied by households in need		Existing tenant transfers are excluded from Steps 1, 2 and 3 as they release supply of housing, having a nil net effect.
3.2 Surplus stock		Provided by Gravesham Borough Council: surplus stock figures based on empty and void properties (for 6+ months) which are likely to be brought back into use.
3.3 Committed supply of new affordable housing		Informed by GBC data – Affordable housing commitments from schemes with completion ranging from 2015 - 2026. 11 year annual average calculated (2015 - 2026). Data caveat: figures include sites that have been permitted subject to S.106 and other matters being agreed.
3.4 Units to be taken out of management		GBC data indicates no currently planned demolitions or refurbishments of currently let stock which is unlikely to be brought back into use.
3.5 Total new affordable housing stock available	**= 3.1 + 3.2 + 3.3 – 3.4**	**BGVA calculated**
3.6 Annual supply of social re-lets (net)		CORE Data three year average relets (social lettings and affordable rent for LAs and PRPs for general and supported needs). Taken as predicted annual levels in line with guidance (3 year average from 2011-12 to 2013-14).
3.7 Annual supply of intermediate affordable housing for re-let or re-sale at sub-market levels		BGVA calculated based on applying 3% turnover to 2011 Census data (305 shared ownership households recorded)
3.8 Future supply from existing affordable housing	**= 3.6 + 3.7**	**BGVA calculated**

6.39 For Step 3.2 surplus stock describes current social sector properties which have been empty and void for 6+ months and are likely to be brought back into use over the potential new plan period, although recognising that some vacancy is necessary to allow for turnover. The figure is scaled down and up as appropriate to obtain the levels for the annualised period and projection period. It is indicated that 82 currently vacant units could be brought back into use over the Local Plan period, which is then scaled to an annual figure of 6 and a figure of 146 over the projection period.

6.40 For Step 3.3 the committed supply of new affordable housing has been assessed based affordable housing commitments for Gravesham with completions over the period from 2015 to 2026. As such an 11 year average, 60 units, is used as the annualised figure and this is scaled up appropriately to the level for the Local Plan period, 840 units, and projection period, 1,500 units. It is important to caveat this data with the fact that these figures include sites that have been permitted subject to S.106 and other matters being agreed.

6.41 For Step 3.4 Gravesham Council has indicated there are currently no planned demolitions or refurbishments of currently let stock which is unlikely to be brought back into use. Right to Buy sales are not included here as there is no LA requirement to rehouse these households (as set out in the former SHMA Practice Guidance, which still provides a useful methodological guide).

6.42 Step 3.5 combines the figures from Steps 3.1, 3.2 and 3.3, minus the units to be taken out of management from Step 3.4, to reveal the total affordable housing stock available.

6.43 Steps 3.6 – 3.8 are used to calculate the likely level of future supply from existing affordable housing.

6.44 For Step 3.6 , the annual supply of social re-lets can been estimated by calculating three year average relets from the CORE data for lettings with Registered Providers, excluding lettings to existing social tenants65 (i.e. transfers).

6.45 As shown below in Table 58, by using the data on reason for vacancy of unit for all re-lets and new lets, this allows an estimation of the affordable unit supply based on the level of social new lets and re-lets, excluding internal transfers which does not result in the net addition of a new affordable unit. The 3 year average of 298 is used as the annual figure, which is then scaled up to the figure over the Local Plan period (4,186) and over the projection period (7,475).

6.46 In the absence of more appropriate data, the annual supply of intermediate housing for Step 3.7 is estimated by assuming a turnover of 3% per annum for shared ownership properties (3% x 305 units = 9) and assuming continued trends to scale this figure up for the Local Plan period (128 units) and the projection period (229 units).

[65] Existing social tenants are defined as those where there previous tenure was listed as General Needs PRP tenant, General Needs LA tenant, Owner occupation (low cost home ownership), Supported Housing (various).

Table 58 – Reason for Vacancy for Social re-lets and New lets

	Reason for Vacancy								
	New Lets	Internal Transfer	Previous tenant moved to other LA	Previous tenant moved to other HA	Previous tenant died or evicted	Property abandoned	Tenant moved to private or other accommodation	Other	Total excluding transfers
2011-12	76	35	9	14	0	11	165	57	**332**
2012-13	50	31	9	13	0	15	147	58	**292**
2013-14	25	44	0	15	0	12	127	91	**270**
Average	**50**	**37**	**6**	**14**	**0**	**13**	**146**	**69**	**298**

Source: CORE, 2015 (obtained by Gravesham Borough Council)

6.47 The figures from Steps 3.6 and 3.7 are combined in Step 3.8 in order to provide a figure for the future supply of affordable housing from existing affordable housing.

Total and Net Affordable Housing Need

6.48 Table 59 sets out the detail of Step 4 of the affordable housing requirements calculation, the calculation of the total and net affordable housing need.

Table 59 - Affordable Housing Requirement Calculation: Step 4

Step 4 - Total and Net Affordable Housing Need		
Step	**Calculation**	**Data Sources & Assumption**
4.1 Total Affordable Housing Need	**1.4 + 2.4 – 3.5**	**BGVA calculated using outputs from previous 3 steps**
4.2 Net Affordable Housing Need	**4.1 – 3.8**	**BGVA calculated using outputs from previous 3 steps**

6.49 Step 4, is the final element of the assessment, bringing together the previous steps to set out an estimate of total affordable housing need and net affordable housing need for Gravesham over the projection period, the potential new local plan period, and as an annual requirement.

6.50 Each calculation step, culminating with the above calculations, is show below in Table 60 and Table 61.

6.51 The assessment is undertaken using an affordability threshold of 30% of household income spent on housing for 90% LTV mortgage house purchase and 2 & 3 bedroom market rent. As already mentioned, the affordable housing requirements calculation table is also produced based on a affordability threshold of 30% of household income spent on housing for 75% LTV mortgage house purchase and 2&3 bedroom affordable rent, see Appendix 1.

6.52 The 30% threshold is considered to be the most realistic representation of affordability within the household income and house price context of Gravesham.

6.53 Those figures which are underlined in the below tables represent the input figures, which have been divided or multiplied to scale them to the other two time periods. For example; a directly inputted annualised figure is multiplied by 14 to obtain the remaining Local Plan period figure and 25 to obtain the projection period figure.

Table 60 - Affordable Housing Need Requirement Calculations (affordability threshold of 30% household income housing spend for 90% LTV mortgage house purchase and 2&3 bedroom market and affordable rent)

Step	Comments	Projection Period (2012–2037)	Remaining Local Plan Period (2014 – 2028)	Annual	Source
Step 1 – *Current* Housing Need					
1.1 Homeless households and those in temporary accommodation	Assumed that these households in need will sign onto the Housing Register	0	0	0	Assumed to be included within the total Gravesham Borough Council (GBC) Housing Register figure (in Step 1.3) and therefore assumed to be 0 at this Step.
1.2 Overcrowded and concealed households	Assumed that these households in need will sign onto the Housing Register	0	0	0	Assumed to be included within the total GBC Housing Register figure (Step 1.3), therefore assumed to be 0 here.
1.3 Other groups	All households in need on Council's Housing Register[66]	2,007	1,124	80	Identified from GBC Housing Register; All households registered on the housing waiting list across all priority bands, assumed to include homeless households and those in temporary accommodation and overcrowded and concealed households. This figure excludes transfer tenants.
1.4 Total current housing need (gross backlog)	**1.1 + 1.2 + 1.3**	**2,007**	**1,124**	**80**	**BGVA calculated**
Step 2 – *Future* Housing Need					
2.1 New Household formation (gross)	Projected household growth figure from OAN calculation	11,625	6,510	465	OAN household growth figure using demographic based average long term migration scenario from Section 4 (based on latest household projections updated with 2013 and 2014 MYE, and long term migration with partial adjustment to take account of UPC)
2.2 Proportion of newly emerging households unable to buy or rent	Those unable to buy at LQ prices or rent privately based on income levels	51% 11,000 x 51% = 5,610	51% 6,160 x 51% = 3,142	51% 440 x 51% = 224	BGVA calculated from CACI Paycheck (Household Income), ONS (Private Rental Costs) and CLG (LQ House Prices) (Table 34)
2.3 Existing households falling into need	Households falling into need based on recent trends	9,800	5,488	392	CORE Data three year average of total new general needs and supported housing lettings that were not existing affordable tenants (3 year average from 2011-12 to 2013-14)
2.4 Total newly arising affordable housing need	**= (2.1 x 2.2) + 2.3**	**15,729**	**8,808**	**629**	**BGVA calculated**

[66] There may be some difference in these figures due to them being rounded to the nearest whole number

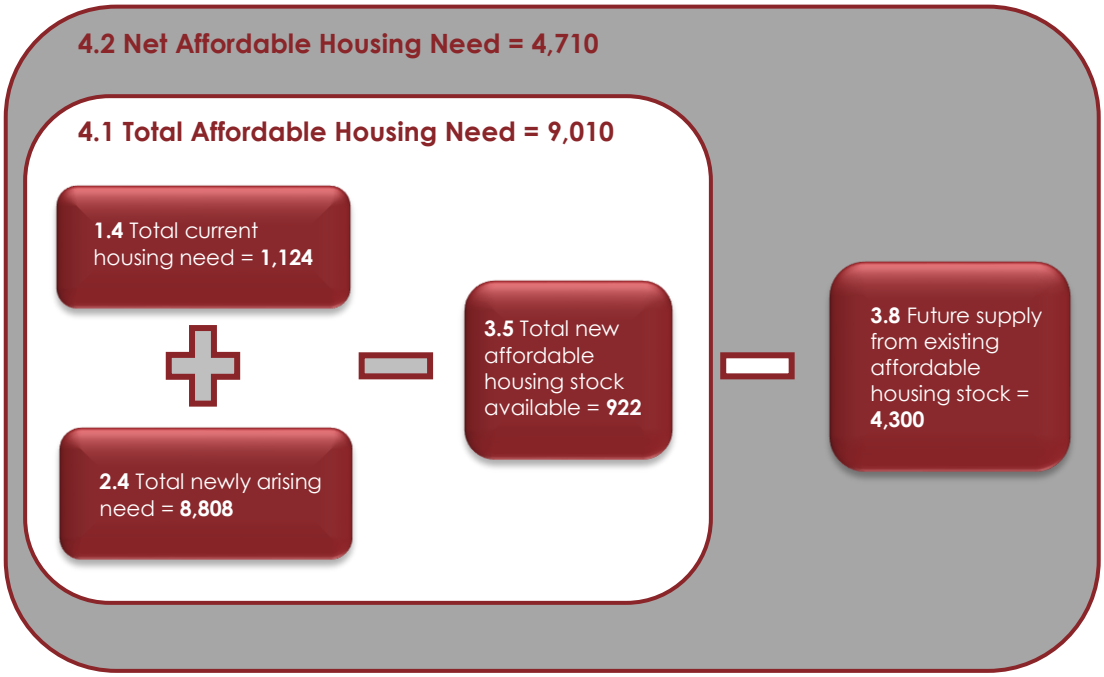
Step 3 – Affordable Housing Supply					
3.1 Affordable dwellings occupied by households in need	Assume zero	0	0	0	Transfers are excluded from Stages 1, 2 and 3 as they release supply of housing, having a net nil effect
3.2 Surplus stock	Current vacant stock that could be brought back into use	146	82	6	Provided by GBC - based on empty and void properties (for 6+ months) which are likely to be brought back into use
3.3 Committed supply of new affordable housing	Pipeline supply through planning system	1,500	840	60	GBC data - Affordable housing commitments from schemes with completion ranging from 2015 - 2026. 11 year annual average calculated (2015 - 2026). Data caveat: figures include sites that have been permitted subject to S.106 and other matters being agreed.
3.4 Units to be taken out of management	Housing currently let which is due to be demolished or refurbished	0	0	0	GBC indicates there are no demolitions or refurbishments of currently let stock which is unlikely to be brought back into use. Right to Buy sales are not included here as there is no LA requirement to rehouse these households.
3.5 Total new affordable housing stock available	**3.1 + 3.2 + 3.3 – 3.4**	**1,646**	**922**	**66**	**BGVA calculated**
3.6 Supply of social re-lets (net)	LA and HA sector re-lets (general and supported needs) excluding transfers	7,450	4,172	298	CORE Data three year average relets (social lettings and affordable rent for LAs and PRPs for general and supported needs). Taken as predicted annual levels in line with guidance (3 year average from 2011-12 to 2013-14).
3.7 Supply of intermediate affordable housing for re-let or re-sale at sub-market levels	3% turnover of shared ownership properties being taken up by new tenants	229	128	9	BGVA calculated based on applying 3% turnover to 2011 Census data (305 shared ownership households recorded)
3.8 Future supply from existing affordable housing	**3.6 + 3.7**	**7,679**	**4,300**	**307**	**BGVA calculated**

Table 61 - Total Affordable and Net Affordable Housing Need

Step 4 – *Bringing the Evidence Together*					
4.1 Total Affordable Housing Need	**1.4 + 2.4 – 3.5**	**16,089**	**9,010**	**644**	**BGVA calculated**
4.2 Net Affordable Housing Need	**4.1 – 3.8**	**8,411**	**4,710**	**336**	**BGVA calculated**

6.54 Figure 42 brings together the affordable housing need calculation figures from the above tables, to show a more simplified version of the calculation, using the figures for the 14-year remaining Local Plan period.

Figure 42 - Affordable Housing Need Calculation Diagram (with projection period figures)


4.2 Net Affordable Housing Need = 4,710
4.1 Total Affordable Housing Need = 9,010
1.4 Total current housing need = 1,124
2.4 Total newly arising need = 8,808
3.5 Total new affordable housing stock available = 922
3.8 Future supply from existing affordable housing stock = 4,300

6.55 A more detailed breakdown of this calculation and the resulting proportion of housing that will need to be affordable over the remaining Local Plan period is as follows:

- Affordable housing need backlog = 1,124
- Gross newly arising affordable need = 8,808
- **Total affordable need = 1,124 + 8,808 = 9,932**
- New affordable housing supply = 922
- Future supply from existing affordable stock = 4,300
- **Total affordable supply = 922 + 4,300 = 5,222**
- **Net Affordable Housing Need = Total affordable supply (5,222) – Total affordable need (9,932) = -4,710**

6.56 This identifies an affordable housing requirement of 4,710 households over the remaining Local Plan Period. Considering the other scenario columns in the calculation table above, this equates to an affordable housing requirement of 8,411 households when considered over the 2012 – 2037 projection period, and an affordable housing requirement of 336 households as an annualised figure. This assumes the entire backlog is cleared by the end of the respective time periods.

6.57 Allowing for Gravesham's 2.3% vacancy rate (which adequately facilitates housing market churn) this identifies an **affordable housing requirement of 4,818 dwellings** over the remaining Local Plan period (2014 – 2024), 8,604 dwellings over the projection period (2012 - 2037), and 344 dwellings annually.

6.58 The housing needs analysis should therefore be regarded as evidence that **in Gravesham, 'need' for affordable housing is greater than the currently identified 'supply' of affordable housing over the projection period, the Local Plan period, and on an annual basis**.

6.59 Over the remaining Local Plan period (2014 – 2028) the calculated need for 4,818 dwellings (344dpa) constitutes 74% of the total number of dwellings required to deliver the OAN figure (demographic need plus long term migration average) of 465 dwellings per annum, and 70% of the total number of dwellings required to deliver the increased OAN figure of 495dpa (taking into account economic and market signals evidence to increase the figure above demographic needs).

Affordability Driver for Moving Home

6.60 The Housing Needs Survey (HNS) asked respondents about needing to move to a different home, to which 4.7% of respondents (24 respondents) indicated they need to move.

6.61 Of the respondents who indicated they need to move, 27.7% (7 respondents) said this was not possible for their household, the top reason for which was that they **cannot afford to because other properties are too expensive** (78.5% = 5 respondents).

6.62 The substantial caveat to this analysis is the small sample size, where the 78.5% of households who need to move but cannot do so for affordability reasons actually only equates to 5 households. However, it is significantly above the next most popular reason for not being able to move when needing to do so (can't get planning permission – 21.6%).

6.63 Affordability therefore seems to present the main barrier to accessing a new home for these respondents, for those who are indicated to be in current need to move. This is likely to be representative of the wider authority area, and therefore provides qualitative support for the significant affordable housing requirement levels identified above.

Key findings

6.64 The purpose of this section has been to calculate and analyse affordable housing need in Gravesham. The key findings are as follows:

- There is an affordable housing requirement of 4,710 households over the remaining Local Plan period (2014 – 2028), which equates to 8,411 households over the projection

period (2012 – 2037) and 336 households as an annualised requirement figure. This assumes the entire affordable need backlog is cleared by the end of the respective time periods.

- Allowing for Gravesham's 2.3% vacancy rate (which adequately facilitates housing market churn) this identifies an affordable housing requirement of 4,818 dwellings over the remaining Local Plan period (2014 – 2028), 8,604 dwellings over the projection period (2012 – 2037) and 344 dwellings annually.
- The affordable housing needs analysis should therefore be regarded as evidence that in Gravesham, 'need' for affordable housing is greater than the currently identified 'supply' of affordable.
- Affordable housing will be required to be tackled by a range of measures including;
    - New affordable home delivery;
    - Up-skilling targets for the labour market (targeting skill improvement in order to improve employment potential and pay, and therefore improve ability to afford market housing;
    - Targeted advice on housing benefits (such as explanation of the qualification criteria and the role of this in contributing to housing payments),
    - Understanding the role of suitable market stock to house those in affordable need,
    - Adaptation and maintenance of existing stock, and
    - Housing management measures (including bringing empty homes back into use and tackling the issue of under-occupation).

7. Meeting Affordable Housing Need

7.1 Having established overall affordable housing need in the previous Section, the following Section considers the role of different types of affordable housing in meeting that need.

7.2 The National Planning Policy Framework identifies three types of affordable housing that can meet the needs of eligible households at a cost low enough for them to afford. This is determined through analysing local incomes and house prices, as done in preceding sections. Each of these types can play an important role in meeting housing need.

7.3 The three types of affordable housing are:

- intermediate
- affordable rent
- social rent

Intermediate Housing

7.4 Intermediate housing products can provide an important role in bridging the gap between social renting and owner-occupation, some of which allow households to 'staircase' towards owner-occupation by acquiring an equity share in their property and renting the remaining proportion at a cost above social rent but below market rent levels.

7.5 The CLG 2007 SHMA Guidance states that; "the number of households whose needs could *be met by intermediate affordable housing is likely to fluctuate, reflecting the changing relationship between market rents, social rents and incomes"* alongside the variance in intermediate housing products available (page 57). It is important to note that the term 'intermediate' covers a broad range of products, with the following included within the wider definition:

- New build HomeBuy;
- Open market HomeBuy;
- Social HomeBuy;
- Intermediate Rent;
- Shared Equity / Ownership; and
- Armed Forces Home Ownership Scheme (Equity Loan)

7.6 The new Starter Homes Policy and its impact on affordability is also considered.

Affordability of Intermediate Dwellings

7.7 The earlier analysis of household income data from CACI in Section 3 provided an indication of the income profile of households. This demonstrated that based on a maximum housing spend of 30% of household income on housing, 43% of households cannot access the open market (with a 75% LTV ratio mortgage) or afford affordable rental property (based on 2 & 3 bedrooms), 51% of households cannot access the open market (with a 90% LTV ratio mortgage) or afford market rental property (based on 2 & 3 bedrooms), 34% cannot afford RP social rental property and 23% cannot afford LA social rental property.

7.8 As an example of an intermediate housing product, the following figure reviews the level of equity share (in an intermediate property) that could be afforded by households in Gravesham, with the upper limit of analysis constrained by the average lower quartile house price of £145,000. This cost indicated for this intermediate affordable housing includes both rental and mortgage payment elements.

7.9 The nature of this tenure means that purchasers can buy a percentage of their house typically ranging from 25% to 75% which is paid for via a mortgage. The remaining percentage is then rented at market level.

7.10 Using the same assumptions as those outlined for Lower Quartile market housing (i.e. 90% Loan To Value ration mortgage, 25 year repayment period and 4% interest rate) and Lower Quartile average market rent for 2 & 3 bedroom properties in earlier analysis, the actual costs for these properties ranges from approximately £8,238 – £8,262 per annum, as shown below in Table 62.

7.11 This means that minimum household earnings of £27,460 - £27,540 per annum or above are required to access this type of intermediate housing. The need for a deposit, credit ratings and moving costs may prohibit some households accessing this tenure, even at this level of income.

7.12 Comparing this to the income profile of residents in Gravesham, this suggests that approximately 43% – 51.4% of households could not afford a 25%, 50% or 75% equity share in a lower quartile value property. This indicates that the intermediate housing market does not create a significant opening of the housing market to households who would otherwise not be able to purchase their own property outright.

Table 62 - Cost of Intermediate Affordable Housing in Gravesham (for property with LQ £145,000 market value)

Equity		Mortgage			Rental				Total Costs and Affordability	
Equity Share	Equity Value	Loan Amount (75% LTV ratio)	Monthly Mortgage Repayment Costs	Annual Mortgage Repayment Costs	Rental Proportion	LQ Monthly Market Rent	Monthly Rental Costs	Annual Rental Cost	Total Annual Housing Costs (Mortgage and Rental)	Required Earnings to assume Affordable (up to 30% of household income
25%	£36,250	£32,625	£172	**£2,064**	75%	£686	£515	£6,174	**£8,238**	**£27,460**
50%	£72,500	£65,250	£344	**£4,128**	50%	£686	£343	£4,116	**£8,244**	**£27,480**
75%	£108,750	£97,875	£517	**£6,204**	25%	£686	£172	£2,058	**£8,262**	**£27,540**

Source: CACI, Money Advice Service, BGVA, 2015

7.13 The affordability of shared ownership can also be considered by demonstrating the income levels required to access shared ownership for 25%, 50% and 75% equity shares, with assumed 2.85% rental charges on remaining unsold equity (based on the typical rent on unsold equity identified by a UK housing association Two Rivers Housing67). This is shown for maximum household income spend levels of 25%, 30% and 35% in Table 63, Table 64 and Table 65.

7.14 Under the assumption of spending up to 25% of household income on housing (Table 63), shared ownership with a 25% equity share would require an annual income of £20,654. A 50% equity share would require an annual income of £24,777. A 75% equity share would require an annual income of £28,949.

7.15 Therefore, 57% of households can afford 25% and 50% equity share intermediate housing, and 49% of households can afford 75% equity share intermediate housing.

[67] http://www.tworivershousing.org.uk/custom-content/uploads/2015/02/Shared-Ownership-a-guide.pdf

Table 63 - Sensitivity 1c: Income Levels Required to Access Shared Ownership with Maximum Spend of 25% of Household Income

	Intermediate (25% equity share)	Intermediate (50% equity share)	Intermediate (75% equity share)
Annual mortgage repayment costs	£2,064	£4,128	£6,204
Monthly mortgage repayment costs	172	344	517
Value of remaining unsold equity	£108,750	£72,500	£36,250
Rental charge at 2.85% of unsold value - Annual cost	£3,099.38	£2,066.25	£1,033.13
Rental charge at 2.85% of unsold value - Monthly cost	£258.28	£172.19	£86.09
Total annual housing payment	£5,163.38	£6,194.25	£7,237.13
Total monthly housing payment	£430.28	£516.19	£603.09
Max. percentage of income	25%	25%	25%
Required annual income	**£20,653.50**	**£24,777.00**	**£28,948.50**
Required monthly income	**£1,721.13**	**£2,064.75**	**£2,412.38**
CACI household income band which contains 'required annual income'	£20,000 - £25,000	£20,000 - £25,000	£25,000 - £30,000
Number of Households within and below income band	17,786	17,786	21,176
Total number of Households[68]	41,216	41,216	41,216
% of households who cannot afford annual payment	**43%**	**43%**	**51%**

Source: BGVA Table 62, CACI 2015 & BGVA 2015

7.16 Under the assumption of spending up to 30% of household income on housing (Table 64), shared ownership with a 25% equity share would require an annual income of £17,211. A 50% equity share would require an annual income of £20,648. A 75% equity share would require an annual income of £24,124.

7.17 Therefore, 66% of households can afford 25% equity share intermediate housing, and 57% of households can afford 50% and 75% equity share intermediate housing.

[68] This figure is shows the number of households in 2013, sourced from CACI Paycheck Report

Table 64 - Sensitivity 2c: Income Levels Required to Access Shared Ownership with Maximum Spend of 30% of Household Income

	Intermediate (25% equity share)	Intermediate (50% equity share)	Intermediate (75% equity share)
Annual mortgage repayment costs	£2,064	£4,128	£6,204
Monthly mortgage repayment costs	172	344	517
Value of remaining unsold equity	£108,750	£72,500	£36,250
Rental charge at 2.85% of unsold value - Annual cost	£3,099.38	£2,066.25	£1,033.13
Rental charge at 2.85% of unsold value - Monthly cost	£258.28	£172.19	£86.09
Total annual housing payment	£5,163.38	£6,194.25	£7,237.13
Total monthly housing payment	£430.28	£516.19	£603.09
Max. percentage of income	30%	30%	30%
Required annual income	**£17,211.25**	**£20,647.50**	**£24,123.75**
Required monthly income	**£1,434.27**	**£1,720.63**	**£2,010.31**
CACI household income band which contains 'required annual income'	£15,000 - £20,000	£20,000 - £25,000	£20,000 - £25,000
Number of Households within and below income band	14,135	17,786	17,786
Total number of Households[69]	41,216	41,216	41,216
% of households who cannot afford annual payment	**34%**	**43%**	**43%**

Source: BGVA Table 62, CACI 2015 & BGVA 2015

7.18 Under the assumption of spending up to 35% of household income on housing (Table 65), shared ownership with a 25% equity share would require an annual income of £14,753. A 50% equity share would require an annual income of £17,698. A 75% equity share would require an annual income of £20,678.

7.19 Therefore, 77% of households can afford 25% equity share intermediate housing, 66% of households can afford 50% equity share intermediate housing, and 57% of households can afford 75% equity share intermediate housing.

[69] This figure is shows the number of households in 2013, sourced from CACI Paycheck Report

Table 65 - Sensitivity 3c: Income Levels Required to Access Shared Ownership with Maximum Spend of 35% Household Income

	Intermediate (25% equity share)	Intermediate (50% equity share)	Intermediate (75% equity share)
Annual mortgage repayment costs	£2,064	£4,128	£6,204
Monthly mortgage repayment costs	172	344	517
Value of remaining unsold equity	£108,750	£72,500	£36,250
Rental charge at 2.85% of unsold value - Annual cost	£3,099.38	£2,066.25	£1,033.13
Rental charge at 2.85% of unsold value - Monthly cost	£258.28	£172.19	£86.09
Total annual housing payment	£5,163.38	£6,194.25	£7,237.13
Total monthly housing payment	£430.28	£516.19	£603.09
Max. percentage of income	35%	35%	35%
Required annual income	**£14,752.50**	**£17,697.86**	**£20,677.50**
Required monthly income	**£1,229.38**	**£1,474.82**	**£1,723.13**
CACI household income band which contains 'required annual income'	£10,000 - £15,000	£15,000 - £20,000	£20,000 - £25,000
Number of Households within and below income band	9,672	14,135	17,786
Total number of Households[70]	41,216	41,216	41,216
% of households who cannot afford annual payment	**23%**	**34%**	**43%**

7.20 Overall the evidence suggests some potential for intermediate forms of affordable housing to contribute towards meeting housing needs in Gravesham, however there are limitations to this potential. With a maximum spend of 30% of household income on housing, 66% of households could afford shared ownership at the 25% equity share level, and 57% of households could afford shared ownership at the 50% and 75% equity share levels. This would leave 34% of households who would still be unable to access housing through a shared ownership product.

[70] This figure is shows the number of households in 2013, sourced from CACI Paycheck Report

Starter Homes Scheme

7.21 The Starter Homes Scheme (SHS) was launched by the Government in February 2015 with the aim of supporting young (under 40) first time buyers onto the property ladder, through discounted housing, with a 20% discount on market price. The delivery of Starter Homes on Rural Exception sites will now be facilitated through this scheme (which was not previously the case), and will require their allocation to be favoured towards those young people who have local connections to the area.

7.22 The prices paid for these starter homes will vary throughout the country to reflect the context of their local housing market, size and stock type, however there is a cap for the maximum discounted price of £250,000 outside London (and to £450,000 within London). Once purchased, it is not possible to sell or let a starter home property on the open market for a five year period.

7.23 The above information should be caveated by the fact that the Starter Homes Scheme constitutes new and evolving policy. It sets out the early indications of the scheme's detail, but should be monitored and updated by the Council as the scheme progresses.

7.24 Both potential home buyers and home builders can express their interest in the scheme by registering through the Home Builders Federation (HBF) at http://www.new-homes.co.uk/starter-homes/[72], where the HBF is compiling a database of those interested in this scheme and similar ownership schemes.

7.25 Table 66 shows an extract of the HBF starter homes register as of 6th October 2015. This shows the general interest in the identified Kent locations. The general Kent location has the highest level of interest (533), followed by Maidstone (208), Dartford (197), Ashford (162), Tonbridge (107), and Sevenoaks (95). Gravesend has interest identified from 91 people, which makes it the seventh most popular Kent location identified in this extract. Northfleet has a very low interest level from 6 people.

7.26 This data should be treated with caution as interest is likely to be considerably influenced by where Starter Homes developments are being proposed or delivered with many people potentially only aware of the SHS when specific developments are 'visible' in their area, therefore some areas where people may be interested in Starter Homes may not feature strongly in the table as schemes are not being proposed here

7.27 The Government set out the following information in their press release about the scheme:

[71] http://www.new-homes.co.uk/starter-homes/

[72] http://www.new-homes.co.uk/starter-homes/

"The move is the latest major push from the government to get Britain building and help hardworking young people secure the dream of home ownership with potential discounts of around £100k per house.

With average house prices for first time buyers in England standing at around £218,000, a new Starter Home could save young first time buyers across the country an average of £43,000- helping to get them onto the housing ladder.

The plans will allow young first time buyers the opportunity to secure a new Starter Home at a 20% discount to the market price.

Thanks to changes in planning policy, builders that develop commercial and industrial land that is either unusable or surplus for the new starter homes will be able to save on costs by freeing them from the requirement to provide affordable housing. In return, they will have to offer the homes at a minimum 20 per cent discount to the market price to first-time buyers under 40.

The country's leading home builders and councils have already have said they would consider bringing forward land to develop the new homes from this year, and from Monday, will be able to start submitting their plans to get work started and pass the savings onto home buyers as soon as possible."[73]

[73] https://www.gov.uk/government/news/young-first-time-buyers-can-register-online-for-100000-cut-price-homes

Table 66 - HBF Starter Home Register Extract

Location	Starter Home Interest (number)
Ashford, Kent	162
Broadstairs and St Peter's, Kent	20
Chatham, Kent	48
Cranbrook, Kent	6
Dartford, Kent	197
Deal, Kent	18
Dover, Kent	22
Edenbridge, Kent	9
Faversham, Kent	17
Folkestone, Kent	44
Gravesend, Kent	91
Hythe, Kent	11
Kent,	533
Maidstone, Kent	208
Margate, Kent	12
Minster, Kent	6
New Romney, Kent	2
Northfleet, Kent	4
Northfleet, Kent,	2
Paddock Wood, Kent	3
Queenborough-in-Sheppey, Kent	3
Ramsgate, Kent	23
Rochester, Kent	87
Royal Tunbridge Wells, Kent	43
Sandwich, Kent	3
Sevenoaks, Kent	95
Sittingbourne, Kent	50
Snodland, Kent	3
Southborough, Kent	1
Strood, Kent	10
Swanley, Kent	23
Swanscombe and Greenhithe, Kent	10
Tenterden, Kent	3
Tonbridge, Kent	107
West Malling, Kent	19
Westerham, Kent	3

Source: DCLG via Gravesham Borough Council, 6 October 2015

7.28 Whilst this scheme differs from shared ownership in that those who purchase through the scheme will own their property outright, in affordability terms it provides a similar level of opportunity as intermediate housing. A deposit on the property is still required and the household will still require a mortgage (in the majority of cases). Therefore, there are likely to

be similar monthly housing repayments required as for a household with 75% equity share in an intermediate property.

7.29 Considering this, and the indication of current interest in the scheme in Kent and Gravesham locations, the scheme could provide some potential in contributing towards meeting housing needs in Gravesham. However, this is heavily caveated by the location of these new starter home properties. Their delivery is reliant on development being brought forward by homebuilders on unusable/surplus commercial and industrial land, where the relevant planning policy changes are applicable.

7.30 The most recent announcements from the government on the contents of the Housing & Planning Bill includes the following information relation to new affordable starter homes:

"a new legal duty will be placed on councils to guarantee the provision of 200,000 Starter Homes on all reasonably sized new development sites; these will be offered to first time buyers at a 20% discount on market prices"[74]

7.31 Despite this, Starter Homes should not currently be considered a reliable source of affordable housing for young people in Gravesham. The Council should continue to monitor developments in relation to this scheme and the potential role for Starter Homes in Gravesham going forward.

The Affordable Rent Model

7.32 Affordable rent housing is controlled so that rent does not exceed 80% of the local market rent (including service charges where applicable).

7.33 In February 2011, the Homes and Communities Agency (HCA) published a Framework setting out the details of the new Affordable Homes Programme of investment, inviting Registered Providers (RPs) to put forward proposals for £2.2bn of funding (out of the overall £4.5bn funding pot) for affordable housing during the 2011-15 Spending Review period. The Framework outlines the changes in affordable housing provision being introduced for 2011-15, and how this new approach will meet the Government's ambition to deliver up to 150,000 new homes over this period75.

7.34 The Affordable Rent model is key to this programme – providing a more flexible form of affordable housing that reduces the level of Government grant subsidy and investment in

[74] https://www.gov.uk/government/news/historic-housing-and-planning-bill-will-transform-generation-rent-into-generation-buy

[75] It is important to note that the overall level of funding available to support the delivery of affordable housing has been reduced

affordable homes. As part of the funding offer, Registered Providers (RP) have the flexibility to convert a proportion of their social rented homes to Affordable Rent as part of a package agreed by the HCA.

7.35 The final product includes the following parameters:

- The capping of affordable rent at 80% of market rent, overriding the Retail Price Index (RPI) + 0.5% maximum annual rent increase (which is required to rebase the rent every time a new tenancy agreement is completed), ensuring that the rent set at the beginning (or renewal) of a tenancy does not exceed 80% of market rent and remains affordable; and
- Move away from every social tenancy being for life, regardless of the households' particular circumstances (although these tenancies will still be available). Instead, the Government wishes to encourage affordable rent on fixed term tenancies to contribute to cohesive communities. Tenancies for Affordable Rent properties must be for a minimum period of two years, however providers will have the flexibility to offer longer tenancies, including lifetime tenancies.

7.36 Since then, the HCA published an Affordable Homes Programmes 2015 to 2018 prospectus (in January 2014) which is indicated to "have much in common" with the 2011 – 2015 Affordable Homes Programme. It aims to increase the supply of new affordable housing (affordable rent and affordable home ownership), maximise new affordable home delivery through available grant funding and bidder's contributions, build homes which address social housing needs (i.e. 2 & 3 bedroom properties) and encourage unused capacity to be developed and brought into use. 76

7.37 The 2015 – 2018 Affordable Homes Programme has national capital grant funding of £2.9billion (outside London) over the three year period, and the January 2014 prospectus sought bids for £1.7billion of this total. This initial bidding round secured the allocation of more than half of the available funding. The remaining c.£800 million is available through a Continuous Market Engagement process, for which bidding remains open until all funding has been allocated, with regular updates being published.77

7.38 It should also be noted that the Summer Budget 2015 announced a reduction in social housing rents by 1% a year for the next 4 years, indicating this will; "*allow social landlords to play their*

[76] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/343896/affordable-homes-15-18-framework.pdf
[77] https://www.gov.uk/government/collections/affordable-homes-programme-2015-to-2018-guidance-and-allocations

part in reducing the welfare bill. This will mean a 12% reduction in average rents by 2020-21 compared to current forecasts"[78].

Affordability of Affordable Rent Dwellings

7.39 Table 67 shows the cost differentials between average open market rent and affordable rent if set at 80%, 70% and 60% of average open market rent. It also shows the earnings requirements for these rents, again considering a maximum housing spend of up to 30% of household income.

Table 67 - Cost Differential - Open market and Affordable Rent Levels in Gravesham

Annual Costs	Mean Average Private Rent	Affordable Rent 80%	Affordable Rent 70%	Affordable Rent 60%
All	£8,376	£6,701	£5,863	£5,026
1 Bedroom	£6,660	£5,328	£4,662	£3,996
2 & 3 Bedroom	£9,020	£7,216	£6,314	£5,412
Earnings Requirement				
All	£27,920	£22,336	£19,544	£16,752
1 Bedroom	£22,200	£17,760	£15,540	£13,320
2 & 3 Bedroom	£30,066	£24,052	£21,046	£18,039

Source: VOA, 2015

7.40 According to CLG (Live Table 704) an average Social Rent (Registered Provider) in Gravesham currently costs c.£5,288 per annum. The differential in cost between this social rent and affordable rent tenures varies across different bedroom sizes. For 1 bedroom units the annual social rent cost is very similar to affordable rent at 80% of market rent. For 2 & 3 bedroom units the annual social rent cost is closest, but just below the 60% affordable rent level. Considering all unit sizes the annual social rent cost falls between the 70% and 60% affordable rent levels. 70% and 60% affordable rent levels both provide a more affordable solution than social rent for 1 bedroom properties. However, for 2 & 3 bedroom properties, the annual social rent is more affordable than the affordable rent options at 80%, 70% and 60%.

7.41 This suggests that there is potential for products of this kind to 'plug' a gap in the rental market between those who require social affordable housing and those who can afford to rent on the open market.

[78] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443232/50325_Summer_Budget_15_Web_Accessible.pdf

7.42 Based on the average annual private rental costs for 2 & 3 bedroom properties shown above, affordable rent at 80% falls £1,804 below the price of Mean Average Private Rent (£9,020), and affordable rent at 70% and 60% offers a significantly cheaper alternative to Mean Average Private Rent for 2 & 3 bedroom properties.

7.43 Table 68 uses the CACI Paycheck data to show the affordability of Affordable Rent housing set at 60%, 70% and 80% of market rent for different housing types (by bedroom numbers). Considering 2 & 3 bedroom properties, 34% of households could not afford this tenure for the 60% affordable rent level and 42% of households could not afford this tenure for the 70% and 80% affordable rent levels.

7.44 This means that for 2&3 bedroom properties at the 60% affordable rent level, the proportion of households unable to afford housing is the same as for shared ownership (spending 30% of income at 25%, 50% and 75% equity share levels). Therefore, this affordable rent level does not increase the proportion of households who can afford to access housing.

7.45 For 2 & 3 bedroom properties at the 70% and 80% affordable rent levels, there is a lower proportion of households able to access housing than for shared ownership options with a maximum income spend of 30% (42% compared with 34%).

7.46 The households unable to access a property through shared ownership or affordable rent options would continue to require a social rented property.

Table 68 - Proportion of Households Unable to Afford Affordable Rent Housing at Different Levels

Tenure	Type	Annual Costs	Annual Earnings Requirement	Households Earning less than Requirement	% of Households Earning less than Requirement
Affordable Rent 60%	All	£5,026	£16,752	36,521	34%
	1 Bedroom	£3,996	£13,320	24,928	23%
	2 & 3 Bedroom	£5,412	£18,039	36,521	34%
Affordable Rent 70%	All	£5,863	£19,544	36,521	34%
	1 Bedroom	£4,662	£15,540	36,521	34%
	2 & 3 Bedroom	£6,314	£21,046	46,163	42%
Affordable Rent 80%	All	£6,701	£22,336	46,163	42%
	1 Bedroom	£5,328	£17,760	36,521	34%
	2 & 3 Bedroom	£7,216	£24,052	46,163	42%

Source: VOA, CACI, 2015

7.47 Overall, the evidence suggests some potential for affordable rent housing to contribute towards meeting affordable housing needs. However, given that affordable rent housing will not meet the affordability requirements of all households, there remains a requirement for the continued provision of lower-cost social rented housing.

Social Rent

7.48 Social rent is a low rent tenure which aims to provide secure tenancies for low income households, who are struggling to afford housing. Rental caps are placed on these properties in order to retain the affordability of this tenure79.

7.49 In Gravesham Kent Homechoice is the service through which households must register to apply for social housing (provided by the Council or a housing association). However, households can also apply for the housing register through the Council's website.80

7.50 Kent Homechoice provides a choice-based lettings service for social housing in Gravesham, and across Kent. It allows all available vacant properties to be viewed online, providing full details about each property. Households who have joined the scheme (including those on

[79] http://england.shelter.org.uk/campaigns/why_we_campaign/Improving_social_housing/what_is_social_housing

[80] http://www.gravesham.gov.uk/services/housing/council-housing/housing-allocations-information-and-advice/housing-allocations-common-housing-register

the housing register) can bid for a property for which they are eligible online81. The property is then offered to the most eligible household, who will be given a chance to view the property, and be required to make their decision within 24 hours of the viewing. Households can bid for up to three properties every two weeks (the length of a bidding cycle).[82]

7.51 However, it should be considered that local authority and housing association properties in Gravesham are limited, and in high demand. Therefore, people on the housing register may have to wait longer to be rehoused, and may never be offered a social housing property. Social rent homes in the authority area are assigned in line with Gravesham's Social Housing Policy[83]

Affordability of Social Rent Dwellings

7.52 As discussed in Section 3 above, average local authority (LA) and registered provider (RP) weekly rents have been steadily increasing over the period from 1998 to 2014. In 2014 LA average weekly rent was £83.26 and RP average weekly rent was £101.69. This equates to annual housing costs of approximately £4,330 for LA social housing and £5,288 for RP social housing. However, as set out in the Summer Budget 2015 as one of the approaches to reducing the housing benefit bill, over the next four years social housing rents will be cut by 1%, beginning in April 2016.[84]

7.53 Table 69 below identifies the affordability of RP and LA social rent properties in Gravesham, based on the affordability sensitivity analysis undertaken earlier in Section 4 of this Report.

7.54 This shows that based on average monthly rents of £441 pcm for RP and £361 for LA properties, spending 30% of household income on housing costs, 34% of Gravesham households cannot afford RP rent and 23% of households cannot afford LA rent.

Table 69 - Affordability of Social Rent Tenures in Gravesham

Income Spend	% of households who cannot afford annual housing payment	
	RP Rent (£423 pcm)	LA Rent (£357 pcm)
40% of household income	23%	23%
35% of household income	34%	23%
30% of household income	**34%**	**23%**
25% of household income	43%	34%

Source: BGVA

[81] http://www.kenthomechoice.org.uk/choice/
[82] http://www.gravesham.gov.uk/services/housing/council-housing/housing-allocations-information-and-advice/choice-based-lettings
[83] http://www.gravesham.gov.uk/services/housing/council-housing/social-housing-policy
[84] https://www.gov.uk/government/publications/summer-budget-2015

7.55 Overall, social housing can therefore provide a more affordable opportunity to access housing than the other forms of affordable housing (intermediate housing and affordable rent), and contribute to meeting affordable housing need. However, this is caveated by the availability of social rent properties in Gravesham, which is in part reliant on government investment in the social rent product going forward.

7.56 It should also be noted that this suggests that 23% - 34% of households in Gravesham will not be able to access any form of affordable housing, considering that social rent offers the lowest housing payment levels of all the affordable housing tenures. This indicates that this proportion of households will require income support to contribute to their housing payments. However, this is based on the assumption that these households do not spend more than 30% of their income on their monthly housing payments, where in reality some households are likely to exceed this level in order to access housing. This is true for the consideration of affordability of each of the affordable tenures, where the proportion of income spend may in many cases exceed 30%.

7.57 Table 70 below shows a comparison of the earnings requirements and proportion of households than can afford different housing tenures (calculated in this Section) with the 2011 Census tenure distribution in Gravesham. This provides a rough indicator of the scale of the affordability issues and associated challenges for different tenures in the Borough. Whilst acting only as a quick comparator this suggests that in terms of affordable housing, social rent may provide a bigger affordability challenge than intermediate housing. The proportion of Gravesham households that cannot afford social rent housing (34.3%) relates to 17% of Gravesham households (based on the 2011 tenure distribution), whereas the same proportion of 34.3% that cannot afford intermediate housing relates to only 1% of Gravesham households.

7.58 This comparison also reinforces the affordability issues for market tenures, both rental and purchase. 51.4% and 43.2% of households that cannot afford LQ rental and LQ purchase respectively relate to 16% and 65% of Gravesham households (based on the 2011 tenure distribution). This emphasises the particular affordability challenge for buying a property in the open market.

Table 70 - Tenure Distribution by Affordability and 2011 Census Split

Tenure	Annual Costs	Annual Earnings Requirement at 30%	% of Households that Can Afford Tenure	2011 Tenure Distribution
LQ Rental (2 & 3 bedroom)	£8,229	£27,429	48.6%	16%
LQ Purchase (75% LTV mortgage) - 2 & 3 bedroom	£6,888	£22,960	56.8%	65%
Intermediate Housing (50% equity share) - 2&3 bedroom	£4,970	£16,567	65.7%	1%
Social Rent (PRP) - average	£5,288	£17,626	65.7%	17%

Source: BGVA, CACI, 2014 & Census 2011

7.59 It is difficult to accurately assess how house prices and the financial requirements of households to obtain mortgage credit will change. These are important informing influences on the future distribution of market and non-market housing required.

Need for affordable housing by different sizes of property

7.60 The housing register provides information on property size requirement, by number of bedrooms, for each household considered within each band of need for affordable housing. As explained earlier in Section 3 and Section 6, Band D households are excluded from this SHMA's analysis of affordable housing need as they do not constitute a group with priority need. Analysis shown in Table 71 identifies the greatest demand across all bands for 1 bedroom properties, followed by 2 bedroom properties. The lowest demand level across all bands is for properties with 4+ bedrooms.

7.61 In terms of actual number of households the requirement for 2 bedroom housing ranges across bands from 30 to 315 households, alongside the obvious requirement for 1 bedroom properties which ranges across bands from 70 to 521 households. In total (when combining all bands) 518 households (34%) require 2 bedroom housing and 760 households (50%) require 1 bedroom housing. This reinforces the need for housing suitable for both single person and couple households and the need for family sized units.

7.62 Table 71 also shows that there is little variation evident in the size specific affordable housing requirement when considering high and lower priority households, where high priority households are within Bands A and B and lower priority households are in Band C (with Band D excluded as already discussed). The greatest affordable need is for 1 and 2 bedroom units to meet the needs of both high and lower priority groups. The lowest need for high priority groups is tied between 3 and 4+ bedrooms (both 2%), however for the lower priority groups the lowest need is for 4+ bedroom units (5%) below that for 3 bedroom units (7%).

Table 71 - Estimated Size Requirement for Affordable Housing (Housing Register Including Transfers)

	Estimated Size of Affordable Housing Required			
	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Housing Register Band A	70 (5%)	30 (2%)	10 (1%)	3 (0%)
Housing Register Band B	169 (11%)	173 (11%)	25 (2%)	20 (1%)
High Priority Bands (A & B)	**239 (16%)**	**203 (13%)**	**35 (2%)**	**23 (2%)**
Housing Register Band C	521 (35%)	315 (21%)	101 (7%)	71 (5%)
Lower Priority Bands (C)[85]	**521 (35%)**	**315 (21%)**	**101 (7%)**	**71 (5%)**
All Bands[86]	**760 (50%)**	**518 (34%)**	**136 (9%)**	**94 (6%)**

Source: Gravesham Borough Council, 2015

7.63 An appropriate level for the future distribution of affordable units could include approximately 52% 1 bedroom properties, 34% 2 bedroom properties, 9% 3 bedroom properties and 5% 4+ bedroom properties. This takes into account the combination of factors including; faster turnaround of smaller properties in comparison to larger properties, and potential for increasing demand for smaller homes with an ageing population and with younger persons looking to form new households, and importantly also projects forward size specific requirement trends currently identified from the Council's Housing Register. A general preference to live in a home larger than requirement entails and the difficulty in accessing larger family homes which have a much slower turnaround than smaller properties is considered, however these requirements do not require significant prioritisation within the context of Gravesham. This is particularly the case considering the disincentives for under-occupation, which is not encouraged in allocations policy, and which is affected by the Housing Benefit Cap.

7.64 As such, the 1 bedroom percentage is increased by 2% compared to the level of need indicated by the housing register data, the 2 and 3 bedroom percentages are maintained, and the 4+ bedroom percentage is reduced by 1% to reflect the lower level of demand for this property size.

7.65 These approximations represent a possible broad distribution for size based housing requirement, but this is by no means a set indication of how affordable units should definitively be distributed. Demand may vary depending on specific location in the Borough and the relevant context of current supply and demand. This analysis is also based on a snapshot of

[85] As in all of the affordable housing need analysis in this SHMA, Band D is excluded from this analysis as it is not considered to be a priority need group.
[86] Percentage totals may not sum to 100% due to rounding results to the nearest whole percentage point within individual calculations

size requirements of households requiring affordable housing, which could change throughout the remaining Local Plan Period due to a range of social and economic factors.

7.66 When looking at some of the requirements of specific groups, the recommended size requirements should be adopted to reflect their specific requirements, as outlined in the following section.

Need for different affordable housing types

7.67 To provide an indication of the potential distribution of need among affordable housing tenures, the affordability of each (shared ownership, affordable rent and social rent) is considered.

7.68 Table 72 shows the proportion of households who can afford different tenures in Gravesham drawn from previous analysis undertaken in this Report. To account for the range in affordability for certain tenures three affordability scenarios are set out; the mid-point, the lower range, and the higher range.

7.69 As a general principle, the proportion of the total population which can afford a particular tenure increases as the cost of it reduces. In this case, 49% of Gravesham households can afford market housing. This analysis shows that 58 - 66% of Gravesham households can afford affordable rent, 58% at 80% of market rent (the upper range), and 66% at 70% and also 60% of market rent (the mid-point and lower range respectively).

7.70 66% of Gravesham households can afford shared ownership, based on 25%, 50% and 75% equity share levels. Between 66 – 77% of Gravesham households can afford social rent, 77% for the LA rent (the lower range) and 66% for the RP rent (the upper range), with the mid-point being calculated as the average between these two proportions (72%).

Table 72 - Affordability of housing tenures in Gravesham

Housing Tenure	Households who can afford tenure	Affordability Scenarios			Households who cannot afford tenure
		Lower Range	Midpoint	Upper Range	
Market housing	49%	49%	49%	49%	51%
Affordable rent	58% - 66%	66%	66%	58%	34% - 42%
Shared ownership	66%	66%	66%	66%	34%
Social rent	66% - 77%	77%	72%	66%	23% - 34%

7.71 Table 81, Table 82 and Table 83 use these affordability scenario proportions to set out the potential affordable tenure distribution. For each scenario, it is assumed that 49% of households can afford market housing. The distribution of affordable tenures is then established for the balance of households that cannot afford market housing.

Table 73 - Affordable Tenure Distribution: Lower Range Scenario

	Households that can afford tenure	Tenure distribution (all tenures)	Distribution within affordable tenure
All households	100%		
Market housing	49%	49%	
Affordable Rent	66%	34%	**66%**
Shared Ownership	66%	11%	**22%**
Social Rent	77%	6%	**12%**

Table 74 - Affordable Tenure Distribution: Mid-point Scenario

	Households that can afford tenure	Tenure distribution (all tenures)	Distribution within affordable tenure
All households	100%		
Market housing	49%	49%	
Affordable Rent	66%	34%	**66%**
Shared Ownership	66%	11%	**22%**
Social Rent	72%	6%	**12%**

Table 75 - Affordable Tenure Distribution: Upper Range Scenario

	Households that can afford tenure	Tenure distribution (all tenures)	Distribution within affordable tenure
All households	100%		
Market housing	49%	49%	
Affordable Rent	58%	30%	**58%**
Shared Ownership	66%	14%	**28%**
Social Rent	66%	7%	**14%**

7.72 From this analysis, an indicative split for the types of affordable housing products, for those Gravesham households in affordable housing need, is as follows:

- **Affordable Rent: 58% - 66%**
- **Shared Ownership: 22% - 28%**
- **Social Rent: 12% - 14%**

7.73 It should be noted that between 23% - 34% of households in Gravesham (depending on the scenario considered) would be deemed as not being able to afford any of the affordable housing products. This proportion of households is incorporated into the distribution for social rent (the most affordable of the affordable tenures), however it means that some households will require income support in order to access a social rented home.

Impact of Welfare Reforms

7.74 The impact of the Welfare Reform Act 2012 is an important consideration for housing affordability, and access within Gravesham. The three relevant aspects of this reform are Housing Benefit, the Benefit Cap and the Universal Credit System.

Housing Benefit

7.75 In the Housing Needs Survey (HNS) when asked about meeting their housing costs, 11.0% of respondents (55) indicated they receive some form of help to meet these costs. This consisted of 5.7% partly meeting rent with Housing Benefit (29 respondents), 4.9% fully meeting rent with Housing Benefit (25 respondents), 0.1% receiving help with their mortgage from family and friends (1 respondent) and 0.2% receiving help with mortgage payments through the Benefits Agency (1 respondent87).

7.76 Therefore, of these respondents, 10.7% (53) are fully or partially reliant on Housing Benefit in order to pay their housing costs.

7.77 The Welfare Reform Act 2012 introduced Housing Benefit rules on size criteria for those living in the social rented sector. With effect from 1 April 2013, it sees a cut in benefit for any working-age household considered to have a spare bedroom, and therefore be 'under-occupying'. This takes the form of a fixed percentage cut of 14% for those with one extra bedroom and 25% for those with two or more extra bedrooms88.

7.78 This has been assessed by the Government as being likely to create an average £14 per week loss, and an average loss of up to £16 per week for Housing Association tenants. The DWP

[87] Both percentages constitute 1 respondent due to rounding to the nearest whole number.
[88] https://www.gov.uk/housing-benefit/what-youll-get

suggests it is likely to affect 660,000 people claiming housing benefits, a proportion of 31% of all social housing tenants who claim housing benefits.[89]

7.79 As a result of this benefit change there could be an increased level of demand for smaller properties, particularly 1 and 2 bedroom units. This could increase the pressure on the supply of these smaller properties and in certain circumstances, could also displace households to different parts of the Borough, or beyond the authority area based on supply availability and affordability.

Benefit Cap

7.80 The Benefit Cap is set at the average (median) net earnings for a working household, reflecting a total cap figure of £26,000 (however, it should be noted that the summer budget 2015 announcement indicated that the household benefit cap will be reduced to £23,000 in London and £20,000 in the rest of the country). The cap levels are currently set at £500 per week for couples (with/without children) and single parents, and £350 per week for single adults without children. In relation to the £500 per week figure, no allowance is made for the number of children in the family. There are also no considerations made for housing type or tenure[90].

7.81 The cap could cause difficulties for larger families claiming benefits, who live in areas of the Borough with higher rent. This could even cause movement within the authority area from the more expensive to less expensive areas in the Borough. This could further accentuate affordability and housing accessibility pressures within the Borough and within Gravesham's HMA.

7.82 The impact of the Benefit Cap on London households is likely to have some level of knock-on impact for accessibility to homes in Gravesham. Some London households who are no longer able to afford to live in London as a result of the benefit cap are likely to move to Gravesham's HMA, including some moving specifically to Gravesham, where properties are relatively more affordable. This will exacerbate the affordability pressures within Gravesham and its HMA.

[89] Housing Benefit: Size Criteria for People Renting in the Social Rented Sector (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220154/eia-social-sector-housing-under-occupation-wr2011.pdf)
[90] https://www.gov.uk/benefit-cap

Universal Credit

7.83 The Universal Credit (UC) system has been described by the National Housing Federation (NHF) as the biggest change in the welfare system in a generation.91. It will provide both in and out of work support through one single payment, with the aim of simplifying the benefit system and increasing employment incentives for part-time and unemployed people92.

7.84 The system is being rolled out in stages throughout the UK. It has now been introduced in Gravesham and should be in place throughout the UK by the end of 2017. The new UC benefit will provide a single monthly payment (through the Department for Work and Pensions) for low income residents of working age, replacing income support, income related job seeker's allowance, income related employment support allowance, housing benefit and working tax/child tax credit.

7.85 As a result of this change, Gravesham residents who claim this benefit could experience budgeting issues, because the increasing payment intervals from once a week to once a month will require budgeting over a longer time period, which can be more difficult.

7.86 One of the most significant implications of this change is the removal of the option for housing benefit to be paid directly to the claimant's landlord, with support now automatically going directly to claimants. NHF research suggests that the majority of social housing tenants prefer for their housing benefit to be paid directly to their landlord. As well as having further budgeting and financial management implications for Gravesham residents who are claiming this benefit, there is also a danger that this particular aspect of change could act as a form of further discouragement for private landlords to accept tenants who are claiming benefits (where there is already evidence from letting agent consultation that some private landlords avoid letting to benefit claimants).

7.87 Another consequence of the change is the increased demand that could be seen for social housing in the short term, which will further increase pressure on supply, particularly in combination with the other aspects of Welfare Reform.

Key findings

7.88 The purpose of this section has been to understand the role affordable housing can play in meeting need in Gravesham. The key findings are as follows:

- There is an affordable housing requirement of 4,710 households over the remaining Local Plan period (2014 – 2028), which equates to 8,411 households over the projection

[91] http://www.housing.org.uk/policy/welfare-reform/universal-credit/
[92] https://www.gov.uk/universal-credit

period (2012 - 2037) and 336 households as an annualised requirement figure. This assumes the entire affordable need backlog is cleared by the end of the respective time periods.

- Allowing for Gravesham's 2.3% vacancy rate (which adequately facilitates housing market churn) this identifies an affordable housing requirement of 4,818 dwellings over the remaining Local Plan period (2014 – 2028), 8,604 dwellings over the projection period (2012 - 2037), and 344 dwellings annually.
- The housing needs analysis should therefore be regarded as evidence that in Gravesham, 'need' for affordable housing is greater than the currently identified 'supply' of affordable housing over the remaining Local Plan period, the projection period and on an annual basis.
- Affordable housing will be required to be tackled by a range of measures including;
    - New affordable home delivery;
    - Up-skilling targets for the labour market (targeting skill improvement in order to improve employment potential and pay, and therefore improve ability to afford market housing;
    - Targeted advice on housing benefits (such as explanation of the qualification criteria and the role of this in contributing to housing payments),
    - Understanding the role of suitable market stock to house those in affordable need,
    - Adaptation and maintenance of existing stock, and
    - Housing management measures (including bringing empty homes back into use and tackling the issue of under-occupation).
- Based on current household income and mortgage finance, the future provision of shared ownership affordable housing will have a role in meeting affordable housing needs (considering 25%, 50% and 75% equity share), albeit with limitations. However, it could have a role in freeing up stock in other affordable tenures. In Gravesham's case there is similarity between the affordability of intermediate and affordable rent tenures to its residents (dependent on specific equity share and affordable rent levels), with a reliance on the social rent tenure to provide affordable housing for those unable to access shared ownership/affordable rent properties.
- Considering the affordability of different affordable housing products for Gravesham residents, an indicative split for affordable housing provision is as follows:
    - **Affordable Rent: 58% - 66%**

- **Shared Ownership: 22% - 28%**
- **Social Rent: 12% - 14%**

- It should be noted that between 23% - 34% of households in Gravesham (depending on the scenario considered) would be deemed as not being able to afford any of the affordable housing products. This proportion of households is incorporated into the distribution for social rent (the most affordable of the affordable tenures), however it means that some households will require income support in order to access a social rented home.
- Considering Welfare Reforms the Housing Benefit change, Benefit Cap and Universal Credit System could all have an impact on the affordability and accessibility of housing in Gravesham. The Housing Benefit Cut could increase the level of demand for smaller properties, increasing the pressure on their supply. The Benefit Cap could further increase the affordability and accessibility pressures for affordable housing, particularly for larger families claiming benefits. The Universal Credit System could cause budgeting issues for Gravesham claimants, could act as a form of further discouragement for private landlords to accept housing benefit claimants as tenants, and could put short term pressure on social housing supply, particularly in combination with the other aspects of Welfare Reform.

8. Housing Requirements for Specific Groups

8.1 This section considers the housing requirements of specific groups whose housing needs might differ from the majority of the population in Gravesham. The following specific groups pertinent to Gravesham, are considered in greater detail within this section:

- **Older Persons** - The national trend of an ageing population means this group is important to consider. Older person households exhibit particular requirements and needs that require consideration, such as adaptations and support in the home to remain living independently;
- **Groups with Specific Support Needs** – Analysis is undertaken of the longer-term projections from the Projecting Adult Needs and Service Information System (PANSI) for a range of mental and physical disabilities, and the propensity for such conditions in Gravesham;
- **Younger Person Households** – The number of households in the 15 – 24 and 25 – 34 age groups are anticipated to increase by 11% and 18% respectively, 2012 – 2037. It is important to consider the needs of these households, particularly with regards to affordability and their prevalence within the private rented sector.
- **Black and Minority Ethnic (BME) Groups** – at the 2011 consensus minority (non-white) ethnic groups made up approximately 17% of the Gravesham population; this is a higher proportion than the national, regional and HMA levels.
- **Rural Households** – Qualitative analysis of housing trends in the rural wards in Gravesham is undertaken using the results of the HNS. This helps to understand variations in rural housing needs compared to urban areas.

8.2 The specific needs of each of these groups, together with their potential implications for housing requirements, is based on the analysis of available secondary data, and supported further by the relevant primary qualitative data from the HNS. Full analysis of the HNS results is set out in Appendix 3 of this report.

8.3 Due to a lack of robust available data there are certain specific groups that have not been reviewed in this assessment, but are important to identify as they may require consideration in relation to future specific housing requirements. These groups include gypsies and travellers and self-build groups.

8.4 The needs of **Gypsies and Travellers** is considered in the Gravesham Gypsy Accommodation Assessment (2013) produced by the Salford Housing & Urban Studies Unit.

8.5 **Self-build and Custom-build groups** are important groups to understand, forming part of a growing housing sector, "with about 1 in every 10 homes being built or commissioned by individuals"[93]

8.6 The Government's 'Right to Build' scheme announced in the 2014 Budget sets out the release of Council owned land for individual self and custom builders, in the form of serviced plots. This is accompanied by a £150 million repayable fund to support this provision; the Custom Build Serviced Plots Loans Fund[94]. The prospectus for the Custom Build Serviced Plots Loan Fund was published in June 2015, setting out eligibility criteria, the application submission and assessment process and further additional information.

8.7 Whilst it has not yet come into force, following some additional guidance from the Government, there will be a requirement introduced for Councils to maintain a register of those interested in self or custom building, as set out in the Self-build and Custom Housebuilding Act 2015, which places:

"a duty on local authorities to keep a register of individuals and community groups who have expressed an interest in acquiring land to bring forward self-build and custom-build projects and to take account and make provision for the interests of those on such registers in developing their housings initiatives and their local plans.."[95]

8.8 Eleven 'vanguard' councils have been selected to pilot the scheme and receive part of the £550,000 funding. These councils are; Cherwell District Council, South Cambridgeshire District Council, Teignbridge District Council, Shropshire Council, Oldham Metropolitan Borough Council, West Lindsey District Council, Exmoor and Dartmoor National Park Authorities, Pendle Borough Council, Sheffield City Council, South Norfolk District Council and Stoke-on-Trent City Council.

8.9 Gravesham Borough Council does not currently operate a clear policy to promote self-build, or hold its own register of interest for this type of housing. However, it acknowledges that to date, opportunities for self-build in the Borough have focussed on small infill development and windfall opportunities in the urban area and rural settlements, which will continue to be supported by the Council over the remaining Local Plan period.

[93] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437275/CBSP_Prospectus_-_CME_full.pdf

[94] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293759/37630_Budget_2014_Web_Accessible.pdf and http://www.self-build.co.uk/right-to-build#Latest news on Right to Build

[95] http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html

8.10 There are a number of websites set up to address this growing demand (The Self Build Portal, The Local Self Build Register and Buildstore). The Self Build Portal[96] is a particular example of a website set up to respond to this increasing demand, as explained on the Planning Portal:

"Research shows that more than half the population would like to build their own home at some stage in their lives. A website designed to help them turn that dream into a reality is now available.

The site is the result of a joint initiative between Government and the custom build housing industry. It provides encouragement and impartial advice to people who want to build their own home to suit their family's needs. It forms part of the Government's Housing Strategy to bring about a custom build housing revolution.

The site includes an interactive guide to self-build - where users can key in details of their own situation (how much money they have, where they want to build, the size of house they want and various other things) and the guide will automatically calculate whether it's feasible. If not they can adjust their circumstances until they can realistically get their self-build project under way.

The site also has practical information about how to find a plot of land, where to get a self build mortgage, the different types of construction methods you can use, and a host of other issues."[97]

8.11 The Local Self Build Register[98] website allows potential self-builders to register their interest in self-building, in order for local councils to understand the demand for this type of housing in their authority area. In relation to Gravesham Borough Council, this site provides the opportunity to register interest, and will be updated with details on self-building in Gravesham as and when they are available[99].

8.12 BuildStore[100] is the main website set up to provide information on self-build and facilitate registration of interest in this type of development. To do this it operates a Custom Build Register[101]. This collects the details of those interested in custom building their home, their region and local authorities of interest, and the type of home they would like to build. This data is collected to evidence the demand for custom building, in order to alert local councils and landowners to interest in their area so they can support and facilitate this type of development where possible.

8.13 Sourced from the Custom Build Register website, Table 76 provides an estimated snapshot of the current number of people who have registered their interest in custom building in

[96] http://www.selfbuildportal.org.uk/
[97] http://www.planningportal.gov.uk/permission/commonprojects/selfbuildhomes/
[98] http://localselfbuildregister.co.uk/
[99] http://localselfbuildregister.co.uk/localauthorities/gravesham-borough-council/
[100] http://www.buildstore.co.uk/
[101] http://custombuildhomes.co.uk/custom-build-register/

Gravesham and its other Housing Market Area authorities (Medway and Dartford). This shows comparable interest in custom building throughout the Housing Market Area.

Table 76 - Registered Interest for Custom Build in Gravesham's Housing Market Area

Local Authority	Number of people who have registered interest to Custom Build in the Local Authority area
Gravesham	203
Medway	210
Dartford	209

Source: BuildStore, November 2015

8.14 Whilst custom build interest in Gravesham is modest as a proportion of the total population, and constitutes a small share of the overall housing market in the Borough, it is reasonable to expect that demand may increase over the remaining Local Plan period. This could be a result of the increasing affordability pressures in accessing housing (where self/custom build can provide a cheaper option than traditional market homes), as well as the national growth in the sector and the evolution of the government's Right to Build scheme as a viable way to increase housing delivery.

8.15 Gravesham Borough Council should consider the appropriate policy approach to support the growth of this sector in the Borough. This could relate specifically to the continued support for small windfall and infill development opportunities, and the designation of appropriate sites to facilitate this. This should be accompanied by an understanding and active monitoring of those registering their interest in custom build through the BuildStore website, which could be accompanied by the Council setting up and managing their own register of interest.

Older Person Households

8.16 Ageing population is a national characteristic, and will also be a specific characteristic of population growth over the projection period in Gravesham, as shown in previous sections of this Report.

8.17 Using the demographic baseline scenario derived from the 2012 SNPP and 2011 HHP (Long term migration) Table 77 shows the age specific change in households over the period from 2012 to 2037. This shows a total growth of 11,594 households over the 25 year period. Whilst there is projected growth across all age bands, the most significant growth is forecast in the age bands over 65. Growth is particularly marked in the 85+ household age band, which is projected to increase by 2,030 households (144%) over the 25 years from 2012 to 2037. This is also the second largest increase in household numbers in absolute terms after the 65-74 age

band (2,679 households, 46%), which is significant given that overall, households aged 85+ make up the smallest proportion of households after the 15-24 band.

Table 77 - Age Distribution of Projected Household Growth (2012 - 2037)

Household Age Band	Demographic (Long term migration) Baseline Scenario			
	Number of households 2012	Number of households 2037	Difference 2012 – 2037	% Change
0-14	0	0	0	0%
15-24	1,258	1,392	134	11%
25-34	5,563	6,554	991	18%
35-44	7,675	8,915	1,240	16%
45-54	8,392	9,406	1,013	12%
55-59	3,338	4,289	951	28%
60-64	3,218	3,942	724	23%
65-74	**5,774**	**8,453**	**2,679**	**46%**
75-84	**4,120**	**5,952**	**1,832**	**44%**
85+	**1,414**	**3,444**	**2,030**	**144%**
Total	***40,752***	***52,346***	***11,594***	***28%***

Source: BGVA/ ONS SNPP

8.18 Ideally, a further table would also be presented here providing a breakdown of the projected households where the head of households is 65+. This would facilitate further in depth understanding of the potential make-up and nature of the ageing population. This data would be set out using the detailed assumptions from the Stage 2 release of the household projections, however at the time of this analysis being produced, only the Stage 1 release is available for the latest household projections which are used in this SHMA (released on 27th February).

8.19 The ageing population structure should also be taken into account when considering the form of future housing requirements.

8.20 36.9% of respondents in the HNS indicated their household includes someone aged 60+ (184 respondents). Of these households, 10.9% live in homes that have been adapted for an elderly member (20) and 0.3% live in homes that have been purpose-built for an elderly member (1). This shows that the majority of households including a 60+ member have not had any special adaptations to accommodate the potential needs of this age group. This could

constitute a potential unmet housing need, the possible details of which are considered in further detail below.

8.21 The majority of people are likely to continue to live in their family home as they get older. However, these homes are unlikely to have been built to consider the changing needs of people as they get older. This being said, in many instances simple alterations such as widening doors and providing sloped access will be sufficient to meet a person's needs.

8.22 This is supported by findings from the HNS, which identified that of the small proportion of homes containing a 60+ member which have been adapted or purpose–built (11.2% = 21 households), the most common adaptation was to handrails/grab rails (41.1% = 8 households), followed by bathroom adaptations (35.9% = 7 households), and stair lift/vertical lift (34.0% = 7 households). The least common adaptation was wheelchair adaptations (2.6% =1 household).

8.23 Homes can be specifically designed to be adaptable to changing needs. The Lifetime Homes Standard promoted by the Joseph Rowntree Foundation is an example by which the new developments can be judged adaptable[102].

8.24 With the increasing need to house ageing residents living as couples there will be a greater need for 2+bed adapted / custom built accommodation. This is distinct from the traditional forms of retirement accommodation. As a result this should see a move away from bedsit and small 1 bed units to two, or even three bedroom units. This size of accommodation is increasingly viewed as the optimum accommodation size for senior residents which provide flexibility of space to allow for visitors/carers. However, in the social sector it should be acknowledged that under the Council's current allocations policy such elderly couples would only be entitled to 1 bedroom, and would be penalised by the Government for having more than 1 bedroom.

8.25 This should also be tempered with policies which encourage the down-sizing of properties in the elderly population. This will release capital for the owners as well as much needed larger properties for other households, to facilitate flexibility and churn in Gravesham's housing market. Such a policy will only work if preference is given to housing in areas where people would be willing to live. Practically, as well as financially, this is often in the areas where services are closer and land less expensive.

8.26 The report 'Last Time Buyers' by Legal & General, in conjunction with the Centre for Economics and Business Research (CEBR), provides an important insight into the problems being faced by

[102] Lifetime homes incorporate 16 design criteria which can be universally applied to new homes. This lifetime homes standard promotes flexibility and adaptability in living environments for all situations. More information is available at: http://www.lifetimehomes.org.uk/pages/lifetime-homes.html

older person households seeking to downsize in the UK housing market, epitomised by the statistic that "almost a third of older homeowners considered downsizing in the last five years; only 7% actually did". The report highlights that "there are 3.3 million homeowners who are aged over 55 and looking to downsize in future". These homeowners termed as 'last time buyers' are calculated to be "sitting on £820 billion of property wealth and 7.7 million spare bedrooms". However there a number of reasons why this downsizing is not happening, including "a lack of suitable alternatives, high asking prices and the potential tax burden when they do try to downsize" in combination with personal reasons such as deciding to wait and not wanting to leave their long term home. The lack of suitable alternative housing is considered one of the key factors preventing downsizing from happening, with a requirement for suitable 2/3 bedroom properties near facilities to help alleviate this issue, amongst other tax regime, stamp duty and equity release approaches.[103]

8.27 In terms of the age trends in downsizing, the Legal & General report highlights that whilst it has been shown that a large number of over 55s consider downsizing over 50% seem to decide to wait until they are 70+ to downsize, with 25% deciding to wait until they are 80+.[104]

8.28 Research undertaken by Shelter, detailed in the factsheet 'Older people and housing', indicates that the housing needs of older people can change regardless of specific age trends due to issues including decreasing mobility, illness, and the illness / death of a partner. Such circumstances and changing needs result in either moves to smaller or specialist accommodation, or staying in the same home but with the need for home adaptations, and/or care and support in order to do so.[105]

8.29 Respondents in the HNS were asked which older persons' housing options they would consider, if relevant now or in the next 5 years (sheltered accommodation, extra care housing, residential care homes, continue to live in current home with support when needed, buying a property in the open market, renting a property from a private landlord and renting from a Housing Association). Excluding those who would not consider any of these housing options now or in the next 5 years, 'continuing to live in current home with support when needed' was the most popular option considered by 36.1%% of all residents (180 residents). This suggests that elderly residents in Gravesham may prefer to remain in their home with adaptations and/or support, than move into a form of sheltered accommodation or care home.

[103] Legal & General - Last Time Buyers: http://www.legalandgeneralgroup.com/_pdfs/press-release/LTB_Front_Cover_Report_Final.pdf
[104] Legal & General - Last Time Buyers: http://www.legalandgeneralgroup.com/_pdfs/press-release/LTB_Front_Cover_Report_Final.pdf
[105] Shelter, 2007 - Older people and housing: https://england.shelter.org.uk/__data/assets/pdf_file/0013/41440/factsheet_older_people_and_housing_may_2007.pdf

8.30 As well as adaptations of existing homes and the design of new homes, the ageing population will require coordinated support services. The Projecting Older People Population Information (POPPI) service[106] provides further information on older persons housing needs at a local authority level. This data has now been updated and is based on updated population projections released by the ONS on 29 May 2014, based on 2012 based population projections. The projections extend to 2030.

8.31 The POPPI data identifies that the demographic shift towards an ageing population is likely to lead to an increase in demand for both housing and schemes that offer an element of care.

8.32 Table 78 shows Gravesham's projected needs for social care for older people (65+) in the Borough. This shows that in 2014, 5,915 people aged 65 and over were unable to manage at least one self-care activity on their own. This is projected to grow to 2468 by 2030 (41.7%). In 2014 7,215 people aged 65 and over were unable to manage at least one domestic task[107] on their own. This is projected to grow to 3013 by 2030 (41.8%). However, growth in both of these social care categories can be accommodated in a person's present environment.

Table 78 - Projected Needs of Older People (65+): Social Care for Gravesham (2014 – 2030)

Social Care	2014	2015	2020	2025	2030	Change 2014 - 2030
Living in a Care Home (with or without nursing)	510	523	613	720	832	322 (63.1%)
Unable to manage at least one domestic task on their own	7,215	7,431	8,212	9,149	10,228	3013 (41.8%)
Unable to manage at least one self-care activity on their own	5,915	6,082	6,713	7,478	8,383	2468 (41.7%)

Source: POPPI 2015

8.33 In the HNS, when respondents with a 60+ member were asked about the level of care those older members currently required, the majority indicated no care is required (77% = 141 respondents), 11.0% indicated a requirement for a low level of care (20 respondents), 6.1% indicated a requirement for a medium level of care (11 respondents) and 3.8% indicated a requirement for a high level of care (7 respondents). This does not reflect the requirements identified in the POPPI data due to the small sample size of respondents with a 60+ member

[106] This service is part of the Institute of Public Care and is managed by Oxford Brookes University and supported by Extra Care Charitable Trust. More information is available at: http://www.poppi.org.uk/

[107] Tasks include: household shopping, washing and drying dishes, cleaning windows inside, jobs involving climbing, using a vacuum cleaner, washing clothing by hand, opening screw tops, dealing with personal affairs and doing practical activities.

living in the household. However, it does suggest there is a greater need for low and medium level care, which could be more easily accommodated within the existing home, than a high level of care, which may be more difficult to accommodate within the existing home.

8.34 As identified by Shelter, sheltered or retirement housing and retirement villages both offer alternative accommodation options for older people who require more care than they can receive staying in their home, but who do not require moving to a traditional care home (a costlier option providing a very high level of care and support and a loss of independence). Generally, sheltered or retirement housing helps resident to retain independence and privacy in their own unit, but with the comfort of an alarm system and communal social areas, as well as meal provision and personal care support in extra care sheltered housing options. Retirement Villages are very similar to sheltered and retirement housing, often in a typical 100 unit community, with purpose built units that often have owner-occupation or part ownership tenure options. In contrast, care homes provide communal accommodation, with a high level of personal and medical care for residents. This type of accommodation is either run by non-profit / charity organisations, or profit driven organisations, with some residents' costs sometimes required to be paid fully or in part by social services and the NHS.[108]

Groups with Specific Support Needs

8.35 The Kent Adult Accommodation Strategy: Evidence Base (2014) document "*provides a needs assessment for vulnerable people in Kent*", part of which identifies the current housing needs of groups with support needs (such as those with physical and mental disabilities, learning difficulties etc.) in Kent, provides an estimation of current stock availability suitable for these groups, and considers potential future projections of need[109].

8.36 This document should be referred to in conjunction with this analysis, which focuses on understanding the future housing requirements for groups with specific support needs by drawing on longer-term projections of need from the Projecting Adult Needs and Service Information System (PANSI).

8.37 This dataset has now been updated using population projection data released by the ONS on 29 May 2014 based on 2012 based population projections. The projections extend to 2030. This analysis is also supplemented by relevant qualitative Housing Needs Survey (HNS) analysis.

[108] Shelter, 2007 - Older people and housing: https://england.shelter.org.uk/__data/assets/pdf_file/0013/41440/factsheet_older_people_and_housing_may_2007.pdf

[109] http://www.kent.gov.uk/__data/assets/pdf_file/0014/14252/CHv-Adult-Accommodation-Evidence-Final-Report.pdf

8.38 The Projecting Adult Needs and Service Information system developed by the Institute of Public Care (IPC) for the Care Services Efficiency Delivery Programme (CSED) provides projections of future numbers of households with physical and learning disabilities. These households, alongside others, are likely to require some form of support within their properties. This therefore provides a useful indication of the levels of demand on existing stock and future requirements to deliver new suitable properties and/or adaptations.

8.39 As shown in Table 79, the POPPI dataset suggests that between 2014 and 2030 the number of individuals aged 65+ in Gravesham predicted to have learning difficulties is anticipated to rise by 36.2%.

Table 79 - People Forecast to have Learning Disabilities Aged 65+ in Gravesham (2014 - 2030)

	2014	2015	2020	2025	2030	Change 2014 - 2030
Learning Disability	370	374	408	445	504	134 (36.2%)

Source: POPPI, 2015

8.40 The PANSI system suggests that the total number of individuals aged 18-64 with a learning disability will increase in Gravesham by 7.3% overall, as shown below inTable 80.

Table 80 - Forecast Total Population aged 18 – 64 with Learning Disabilities (2014 - 2030)

	2014	2015	2020	2025	2030	Change 2014 - 2030
Learning Disability	1,517	1,530	1,566	1,605	1,627	110 (7.3%)
Moderate or Severe Learning Disability	346	349	357	368	374	28 (8.1%)
Moderate or Severe Learning Disability & Living with Parent	130	131	131	134	138	8 (6.2%)
Severe Learning Disability	92	92	94	97	99	7 (7.6%)

Source: PANSI, 2015

8.41 PANSI also provides projections on the change in population with both moderate and serious physical disabilities, as shown in Table 81. The PANSI data suggests that the total number of individuals aged 18-64 with a moderate physical disability or a serious physical disability will increase in Gravesham by 9.5% and 12.4% overall respectively.

Table 81 - Forecast Total Population aged 18-64 with Physical Disabilities 2014 - 2030)

	2014	2015	2020	2025	2030	Change 2014 - 2030
Moderate Physical Disability	4,822	4,868	5,081	5,272	5,279	457 (9.5%)
Serious Physical Disability	1,411	1,424	1,508	1,589	1,586	175 (12.4%)

Source: PANSI, 2015

8.42 Adults with physical disabilities require different levels of care depending on the severity of their disability. Individuals with a moderate personal care disability can perform tasks such as getting in and out of bed, dressing, washing and feeding with some difficulty. A severe personal care disability can mean that the task requires someone to help.

8.43 As shown in Table 82, the number of individuals with moderate or serious personal care disabilities is predicted to increase by 2030 for the 18-64 age range, by 10.9%.

Table 82 - Forecast Total Population aged 18 – 64 with Moderate or Serious Personal Care Disability in Gravesham (2014 – 2030)

	2014	2015	2020	2025	2030	Change 2014 - 2030
Moderate or Serious Personal Care Disability	2,887	2,916	3,073	3,211	3,203	316 (10.9%)

Source: PANSI, 2015

8.44 On this basis it is likely that the overall capacity of suitable stock will need to continue to grow in Gravesham in order to meet needs, with careful consideration of housing requirements at a strategic level.

8.45 The above analysis indicates particular increase in the level of the 65+ population with learning disabilities (projected increase of 41.8% from 2014 – 2030). This is likely to translate into a requirement for increased in-home care support, as well as increased care home provision where the combination of learning disability and age mean it is no longer feasible for the appropriate care to be provided at home.

8.46 Increases are also evident in the level of the 18-64 population with moderate physical disability (9.5% increase), serious physical disability (12.4% increase) and moderate or serious personal care disability (10.9% increase). In housing terms some 18 – 64 adults with learning or personal care disabilities may live with older parents, who will absorb their specific housing requirements in the form of an additional required room and potential in home adaptation. However, as many of these adults get older, it is likely that parents / carers may no longer be

able to cope with their needs, and that the level of care / support they require may increase, resulting in the requirement for increased care home provision.

8.47 In the HNS 26.9% of respondents (112 respondents, 101 for adult disabilities and 11 for children disabilities) indicated that someone in their household has a long term illness, health problem or disability that limits their daily activity or work. Of these respondents, the most common disability amongst adults is 'physical disability' (63.5% = 83 respondents), with 15.8% being wheelchair users (21) and 47.7% non-wheelchair users (62). The most common disability amongst children is 'mental health problem' (17% = 4 residents), which has less obvious adaptation implications, followed by 'ADHD' (15% = 4 residents) and 'Asthma' (10% = 2 residents).

8.48 This suggests implications for the housing needs of these households in terms of access and/or adaptations, particularly considering the adult disability levels. Only 8.5% of the households with a disabled member have had some form of home adaptation to accommodate their needs, and only 0.3% have had their home purpose-built. This indicates that the majority of disabled people in Gravesham are not living in a home which has been adapted or designed to suit their needs. This emphasises the potential need for adaptations/purpose-built homes in Gravesham going forward, particularly considering the forecast increase in physical disabilities from the PANSI data analysed above. However, it should be noted that when all respondents (499) were asked if they require any form of home adaptations in the next 5 years, the majority indicated they did not.

8.49 In terms of care, 5.0% of respondents (25 respondents) in the HNS indicated having members of their household who require care or support to enable them to stay in their home. Of these respondents, 50.0% said they lacked sufficient space to accommodate an overnight carer if needed. This suggests potential implications for the size of home appropriate for Gravesham residents who require in home care, however not as pronounced as the potential adaptation requirements identified for residents with physical disabilities.

Younger Person Households

8.50 Nationally the private rented sector has undergone a period of significant expansion over recent years and now plays an important role in the operation of the housing market offering an alternative to owner-occupation and the social rented sector.

8.51 One of the key drivers traditionally for this tenure has been younger households (i.e. households making their first moves to form new households, either post further education or once they have a sufficiently rewarding form of employment). Whilst the private rented sector has expanded beyond this group in recent years to house families and older persons who are

being priced out or who are ineligible for other tenures, understanding this particular young demographic is important.

8.52 Table 83 shows the change in households by age under the demographic baseline (Long term migration) scenario, as already detailed in in relation to older person households. This shows positive growth in the total number of households in the 15-24 age group (11%) and the 25-34 age group (18%).

Table 83 - Age Distribution of Projected Household Growth (2012 - 2037)

Household Age Band	Demographic (Long term migration) Baseline Scenario			
	Number of households 2012	Number of households 2037	Difference 2012 – 2037	% Change
0-14	0	0	0	0%
15-24	**1,258**	**1,392**	**134**	**11%**
25-34	**5,563**	**6,554**	**991**	**18%**
35-44	7,675	8,915	1,240	16%
45-54	8,392	9,406	1,013	12%
55-59	3,338	4,289	951	28%
60-64	3,218	3,942	724	23%
65-74	5,774	8,453	2,679	46%
75-84	4,120	5,952	1,832	44%
85+	1,414	3,444	2,030	144%
Total	***40,752***	***52,346***	***11,594***	***28%***

Source: BGVA/ ONS SNPP

8.53 As with analysis of Older Person Households, ideally, a further table would ideally be presented here providing a breakdown of the projected households aged 15 - 34. This would facilitate further in depth understanding of the potential make-up and nature of the younger population. This data would be set out using the detailed assumptions from the Stage 2 release of the 2012 Households projections, however at the time of this analysis being produced, only the Stage 1 release is available for the latest household projections which are used in this SHMA (released on 27th February).

8.54 The age specific in and out migration trends for Gravesham (as detailed in Section 2) are detailed again in Table 84 below. The highest proportion of in-migration and out-migration

occurred in the 15 – 29 age group (33% and 34%), followed by the 30-44 age group (27% and 23%). This suggests a labour migration driver for these moves in the working age population.

Table 84 - 2013 Age-specific migration into and out of Gravesham (2014)

	In - migration		Out - migration	
Age band	Number of People	% of New Residents	Number of People	% of New Residents
0-14	1,020	20%	830	18%
15-29	1,660	33%	1,580	34%
30-44	1,350	27%	1,080	23%
45-59	630	12%	620	13%
60+	420	8%	500	11%
Total	**5,080**	**100%**	**4,610**	**100%**

Source: ONS Internal Migration Data – Table IM2014-T5, 2014

8.55 In the HNS respondents were asked whether any members of their household are likely to set up their own home in the next 5 years. 24.4% of respondents (103) indicated they expected some members to form a new household (18.6% to form 1 household, 5.4% to form 2 households, and 0.4% to form 3 households). Of newly forming households identified by these respondents, 84.8% (109 new households) are expected to be formed by 16+ children living at home with their parents. 19.0% of the identified newly forming households are within the 16-24 age group and 75.8% are within the 25-44 age group.

8.56 This suggests a significant proportion of potential newly forming younger person households in the next 5 years in Gravesham. However, whilst phrasing the question as the likelihood of new household formation, the survey does not identify the certainty in which these new households expect to form, so it cannot provide any indication of perceived barriers or challenges to achieving this new household formation i.e. affordability, or any specific future housing solutions to address this.

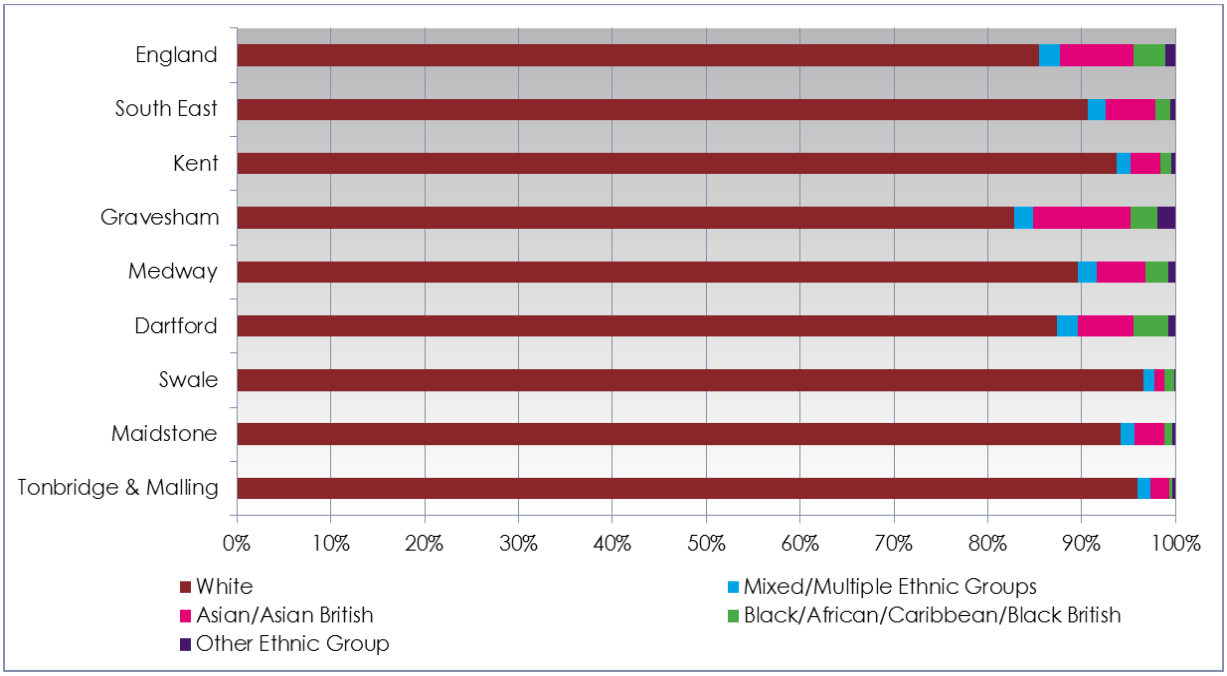
Black and Minority Ethnic Groups

8.57 Considering 2011 Census data, minority (non-white) ethnic groups make up approximately 17% of the Gravesham population. The Asian / Asian British population is the most significant of these groups making up 10% of the population, followed by the Black/African/Caribbean/ Black British group making up 3% of the population.

8.58 The proportion of minority groups in Gravesham's 2011 Census population, benchmarked against the proportions for Gravesham's HMA, the South East and England & Wales is shown in

Figure 43 and Table 85. This shows that the presence of minority ethnic groups in Gravesham is higher than the national (15%), South East (9%) and Kent (6%) average. It is also higher than all of the comparable Kent authorities, including those in Gravesham's HMA.

Figure 43 - Population and Ethnicity for Minority (non-white) ethnic groups (2011)



Source: ONS 2011 Census data, KS201EW – Ethnic Group

Table 85 – Ethnic Composition of population (2011)

	White	Mixed/Multiple Ethnic Groups	Asian/Asian British	Black/African/Caribbean/Black British	Other Ethnic Group	Total
England	85%	2%	8%	3%	1%	100%
South East	91%	2%	5%	2%	1%	100%
Kent	94%	2%	3%	1%	0%	100%
Gravesham	**83%**	**2%**	**10%**	**3%**	**2%**	**100%**
Medway	90%	2%	5%	3%	1%	100%
Dartford	87%	2%	6%	4%	1%	100%
Swale	97%	1%	1%	1%	0%	100%
Maidstone	94%	2%	3%	1%	0%	100%
Tonbridge & Malling	96%	1%	2%	0%	0%	100%

Source: ONS 2011 Census data, KS201EW – Ethnic Group

8.59 For Gravesham specifically, as a comparison to the above 2011 Census composition, the ethnic composition of the 2001 Census population was 90% (85,697) white, 1% (972) mixed/multiple ethnic groups, 8% (7,877) Asian/Asian British, 1% (610) Black/African/Caribbean/Black British, and 1% (561) Other Ethnic Group.

8.60 The change between the proportional composition of the 2001 and 2011 Census population for Gravesham and comparator areas is shown below in Table 86.

Table 86 - Change in Ethnic Composition of Population as a Proportion of Total Population (2001 - 2011)

	White	Mixed/Multiple Ethnic Groups	Asian/Asian British	Black/African /Caribbean/ Black British	Other Ethnic Group
England	-6%	1%	3%	1%	0%
South East	-4%	1%	3%	1%	0%
Kent	-3%	1%	2%	1%	0%
Gravesham	**-7%**	**1%**	**2%**	**2%**	**1%**
Medway	-5%	1%	2%	2%	0%
Dartford	-7%	1%	3%	3%	0%
Swale	-2%	0%	1%	1%	0%
Maidstone	-3%	1%	2%	1%	0%
Tonbridge and Malling	-2%	1%	2%	0%	0%

Source: ONS 2011 Census data, KS201EW – Ethnic Group & ONS 2001 Census Data, KS06 – Ethnic Group.

8.61 Over the ten year period from 2001 to 2011 in Gravesham there was a 7% reduction in the white population as a proportion of total population, and 1 – 2% increases in each of the other ethnic groups identified in the Census. This shows similarity with comparator areas at the national, regional and local scale, particularly with the national trend for England and the Housing Market Area trends in Dartford and Medway.

8.62 The ethnic composition of the Gravesham population (by Household Reference Person) by household composition in 2011 is shown below in Table 87.

Table 87 - Gravesham Ethnic Group Composition by Household Composition (2011)

	White	Mixed/Multiple Ethnic Groups	Asian/Asian British	Black/African /Caribbean/ Black British	Other Ethnic Group	Total
One person household	29%	32%	12%	21%	17%	11,131
One family only	64%	59%	64%	66%	58%	26,010
Other Household Types	6%	10%	24%	13%	25%	3,290
Total	100%	100%	100%	100%	100%	40,431

Source: ONS 2011 Census data, DC1201EW – Household Composition by Ethnic Group of HRP

8.63 Whilst there is some variation in the household composition proportions for the different ethnic groups, the largest proportion for all groups is for one family only households, ranging from 58% in Other Ethnic Groups to 64% in White and Asian/Asian British groups. This suggests that the requirements for larger family sized units are likely to be driven by all ethnic groups within the Gravesham population. However, this demand may be more pronounced from the White, Asian/Asian British and Black/African/Caribbean/Black British groups who have slightly higher proportions (64% - 66% of their total population).

8.64 Mixed/Multiple Ethnic Groups and White groups have higher proportions of one person households than the other ethnic groups (32% and 29% of their total population respectively), which suggests smaller units are likely to be more desirable for these ethnic groups.

8.65 The ethnic composition of the Gravesham population (by Household Reference Person) by stock type in 2011 is shown below in Table 88.

Table 88 - Gravesham Ethnic Group Composition by Stock Type (2011)

	White	Mixed/Multiple Ethnic Groups	Asian/ Asian British	Black/African /Caribbean/ Black British	Other Ethnic Group	Total
Detached	17%	9%	21%	7%	14%	17,528
Semi-detached	35%	34%	33%	34%	29%	35,304
Terraced	34%	34%	37%	39%	35%	34,426
Flat, maisonette or apartment, or mobile/temporary accommodation	14%	22%	9%	20%	22%	13,718
Total	100%	100%	100%	100%	100%	100,976

Source: ONS 2011 Census data, DC2121EW – Ethnic Group by Accommodation Type

8.66 Whilst there is variation in the stock type proportions for the different ethnic groups, the largest proportions for all groups are for semi-detached properties (ranging from 29% - 35%) and terraced properties (34% - 39%).

8.67 Mixed/Multiple Ethnic Groups and Black/African/Caribbean/Black British groups have comparatively low proportions of households living in detached stock, and comparatively high proportions of households living in flats/maisonettes/apartments (along with the Other Ethnic Group).

8.68 Table 89 below shows the cross-tabulated Census data for Gravesham stock tenure by the ethnic group of the Household Reference Person, which shows the composition of each ethnic group across the different tenures as a proportion of the total population in that group.

This identifies some interesting distinctions in the proportion of different ethnic groups occupying different tenures.

Table 89 – Gravesham Ethnic Group Composition by Stock Tenure (2011)

	White	Mixed/Multiple Ethnic Groups	Asian/Asian British	Black/African/ Caribbean/ Black British	Other Ethnic Group	Total
Owned or Shared Ownership	65%	44%	78%	51%	50%	65%
Social Rented	18%	21%	7%	15%	21%	17%
Private Rented or Living Rent Free	17%	35%	15%	34%	30%	17%

Source: ONS 2011 Census data, DC4201EW – Tenure by ethnic group by age – Household Reference Persons

8.69 Ownership and shared ownership is highest in the Asian/Asian British (78%) and White (65%) ethnic groups, significantly above that for Mixed/Multiple Ethnic groups (44%), Other Ethnic Group (50%) and Black/African/Caribbean/Black British groups (51%).

8.70 The proportion of social renting is fairly comparable for the majority of ethnic groups (ranging between 15% - 21%) with the exception of the Asian/Asian British group which has a social renting proportion of only 7%.

8.71 For private renting and living rent free there are two distinct groupings; the highest proportion is evident in the Other Ethnic Group, Black/African/Caribbean/Black British, and Mixed/Multiple Ethnic Groups (30%, 34% and 35% respectively).

8.72 It is not possible to accurately project forward the ethnic composition of the Gravesham population (generally, or specifically in terms of household composition, stock type and tenure) over the remaining Local Plan period. Whilst the change in ethnic composition between the 2001 and 2011 Census is identified, this is affected by a range of factors which may not have an influence over the remaining Local Plan period. A particular example of this is the effect of the A8 accession countries joining the EU in 2004, and their resultant free labour movement into the UK. This is likely to have had a significant influence on the proportional increase of non-White ethnic groups in the Gravesham population between 2001 – 2011 (as part of its UK wide effect), however this is not a factor which will have the same level of influence over the remaining Local Plan period.

8.73 There is also no robust basis for the assumptions to confidently project forward the ethnic composition of Gravesham by household composition, stock type or tenure over the remaining Local Plan period, considering the range of factors influencing this composition.

8.74 It is most likely that each of the different stock tenures in Gravesham will continue to be occupied by a range of ethnic groups. The current composition is explored further below, using qualitative data from the Housing Needs Survey.

8.75 In terms of qualitative analysis, ethnicity focussed analysis of the HNS results has been undertaken by separating those respondents classified as BME households, and comparing the analysis of these specific households to overall trends. 18.8% of respondents (94 respondents) are identified as being BME households.

8.76 The analysis and stock profiles identified in this sub-section reflect the distribution and trends from the 94 BME respondents (18.8%) included in the survey, so will not necessarily apply across the whole authority area. However, it provides a useful indication of the trend that may be observed across the authority.

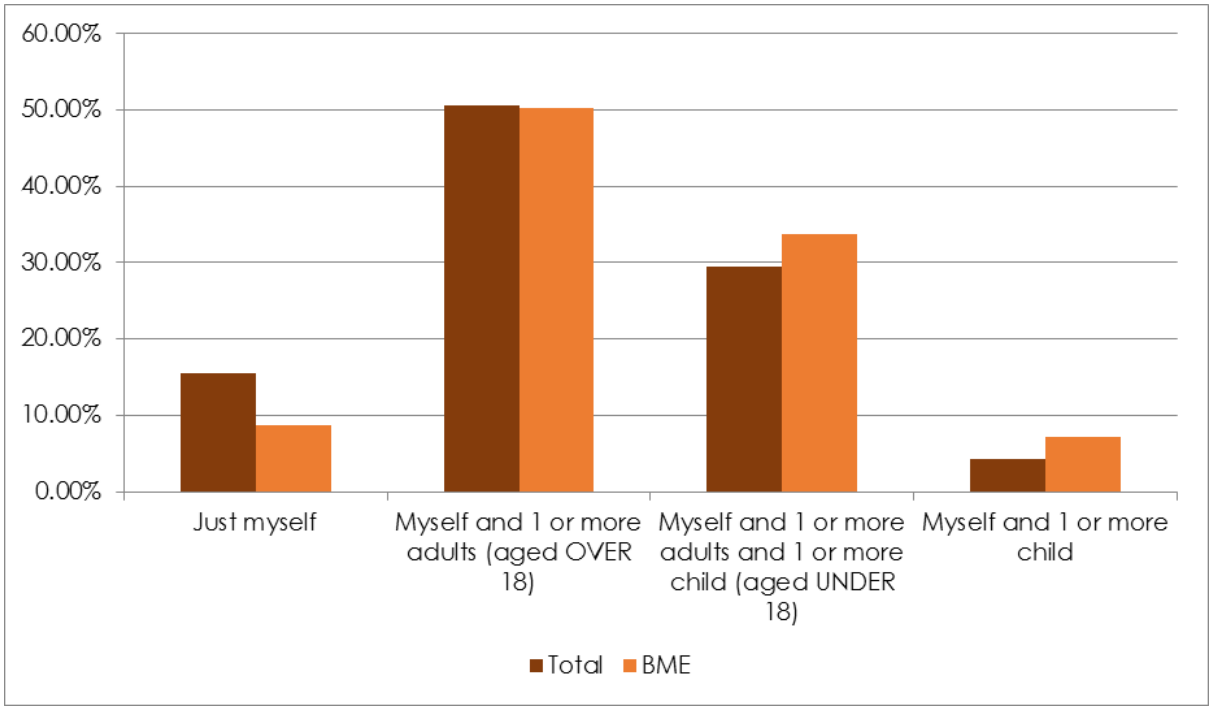
8.77 No definitive recommendations are drawn from this qualitative analysis, due to the relatively small sample size reducing its reliability. Any potential future issues or actions identified must be caveated with the reliability of the survey sample size, and should be considered more broadly with the secondary data based conclusions and recommendations.

BME Household Composition

8.78 Single person households constitute 8.8% of BME respondents. Households with 1 adult and 1 or more children constitute 7.1% of BME respondents. Households with 2 or more adults (all aged over 18) constitute 50.3% of BME respondents. Households with 2 or more adults and 1 or more children (aged under 18) constitute 33.8% of BME respondents.

8.79 Figure 44 below shows this BME distribution compared with all survey respondents. There is variation evident in each household category of the distribution, with the exception of the 2 or more adults households (second bars). BME respondents constitute a smaller proportion of single person households, and a larger proportion of 2 or more adults and 1 or more children, and 1 adult and 1 or more children households. This suggests that when compared with all Gravesham households, generally BME households are larger in size, less likely to contain only 1 person, may contain more children. Considering this, BME households may have a greater tendency towards accommodating multiple generations under one roof.

Figure 44 - Gravesham Household Composition for BME Respondents and All Survey Respondents



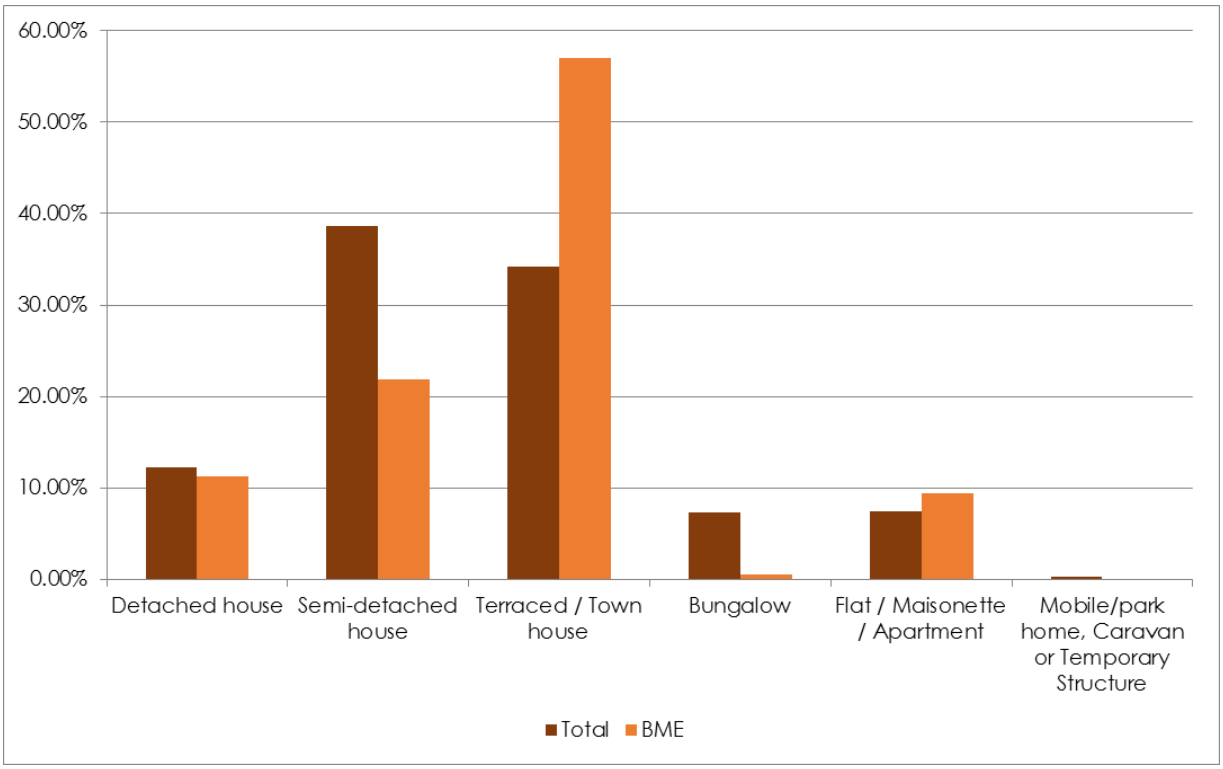
8.80 Of those respondents with 2 or more adults in the household (84.1% = 79 respondents), 54.1% have 3 or more adults, and 16.7% live with a son, daughter, brother or sister. This provides potential evidence of multi-generation households. This could potentially be caused by affordability issues preventing households from accessing properties that meet their size requirements, and/or the formation of new households. However, certain ethnic groups often have a greater tendency to form multi-generational households, so affordability may have no influence here. This is explored further below.

Stock Type

8.81 As shown below in Figure 45, a higher proportion of BME respondents occupy terraced stock (57%) compared to the proportion occupied by all respondents (34.2%). A slightly higher proportion of BME respondents also occupy flatted stock (9.4%) compared to the proportion occupied by all respondents (7.4%). A lower proportion of BME respondents occupy detached stock (11.3%), semi-detached stock (21.9%) and bungalow stock (0.5%) compared to the proportions occupied by all respondents (12.2%, 38.7% and 7.3% respectively).

8.82 The comparison of stock type distribution between BME respondents and all respondents highlights the propensity for BME residents to occupy terraced and to a lesser extent flatted stock, which tends to be smaller in floorspace terms. When considering this in combination with the analysis of BME household composition, it suggests that these BME respondents may be living in overcrowded households. This is explored further below, when analysing the adequacy of current homes.

Figure 45 - Gravesham Property Type for BME Respondents and All Survey Respondents



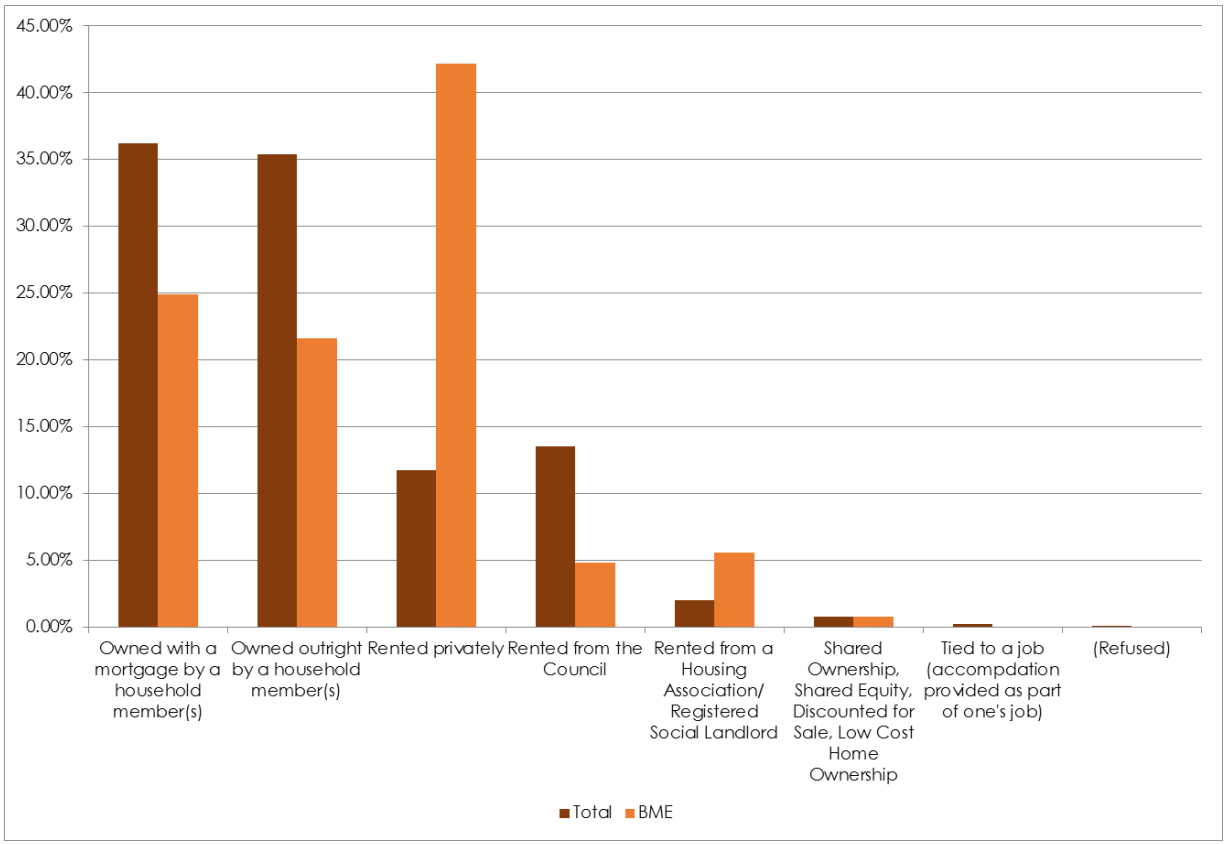
Stock Tenure

8.83 Figure 46 shows significant distinction in property tenure proportions when comparing BME respondents with all respondents. Only 46.6% of BME respondents own their home (21.6% outright and 24.9% with a mortgage), compared to 71.6% of all respondents who own their home (35.4% outright and 36.2% with a mortgage).

8.84 As would be expected considering the differences in home ownership proportions, proportion of BME respondents renting their home privately is substantially above the level for all respondents; 42.2% of BME respondents compared to 11.7% of all respondents. However, in relation to renting from the Council the reverse is true, with a lower proportion of BME respondents renting from the Council (4.9%) compared to all respondents (13.5%).

8.85 This variation in ownership patterns could reflect some affordability issues being faced by the BME respondents, which could tie in with the potential multi-generational households/inability to form new households/ overcrowding identified above.

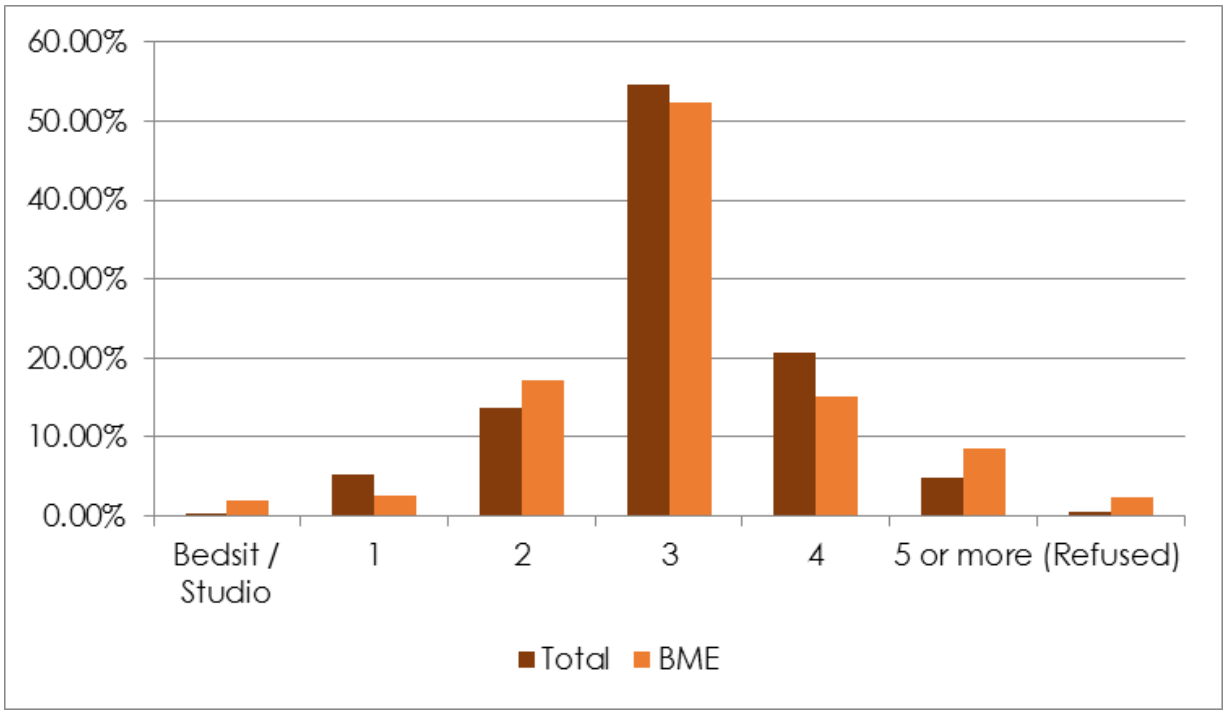
Figure 46 - Gravesham Property Tenure for BME Respondents and All Survey Respondents



Stock Size

8.86 Figure 47 below shows a similar distribution of the stock size occupied by BME respondents and all respondents. The most significant difference is slightly lower proportion of 3 bedroom and 4 bedroom units occupied by BME respondents compared those all respondents (52.3% compared to 54.7% for 3 bedroom units and 15.2% compared to 20.8% for 4 bedroom units). Considering the tendency for BME households to be larger than all households (expected as a general trend and shown above in the analysis of household composition), the slightly lower proportion of larger unit sizes occupied by BME households suggests there could be overcrowding issues for these households. This is explored further below.

Figure 47 - Gravesham Stock Size for BME Respondents and All Survey Respondents



Stock Adequacy and Affordability

8.87 When BME respondents were asked whether their current home is adequate for their needs, 4.4% indicated their home is not adequate, compared to 5.4% of all respondents.

8.88 For the proportion of respondents who indicated their home is not adequate, there is significant variation evident in the reasons stated by the BME respondents compared to all respondents. The most striking distinction, and most relevant considering the other elements of this BME analysis, is that 65.1% of BME households find their home inadequate due to an 'insufficient number of bedrooms', compared to only 28.7% for all households.

8.89 This provides further potential evidence of the overcrowded nature of these BME respondent's households, which emphasises potential affordability pressures acting on BME residents in Gravesham, and their potential need for larger homes with more bedrooms. However, this must again be caveated by the fact that certain ethnic groups may make a lifestyle choice to live in households containing multiple generations.

8.90 Considering affordability more specifically, 71.3% of BME respondents indicated they receive no help with their housing costs, compared to 65.6% for all respondents. This contradicts the view that BME households are facing greater affordability pressure than other Gravesham residents. However, 14.7% of BME respondents indicated they meet their rent fully or partly with Housing Benefit, compared to only 10.7% of all respondents. This does suggest potential affordability pressures for some of Gravesham's BME households.

8.91 When respondents were asked about their concern with meeting their housing costs, 36.9% of BME respondents indicated they are 'very concerned' or 'fairly concerned', compared to 21.1.% for all respondents. 25.1% of BME respondents indicated they are 'not concerned at all', substantially below this indication from 50.1% of all respondents.

8.92 Traditionally BME households face constrained housing choices, which can be due to factors such as comparatively poor labour market position and ties to specific neighbourhoods dominated by certain types of housing. This analysis suggests that affordability may be a more acute issue for BME households than for the White ethnic groups living in Gravesham, which is potentially contributing to overcrowding. As already discussed, this overcrowding may also be caused by the propensity for certain ethnic groups to have multiple generations living in the same household. Regardless of motivations for this however, there are obvious implications for stock size and type requirements, and overcrowding levels. Therefore, Gravesham Borough Council should consider potential approaches to increasing BME group access to affordable homes, which are larger in relation to bedroom number.

Rural Households

8.93 In the context of this analysis of rural households, the following Gravesham wards are categorised as being rural locations; Higham, Istead Rise, Meopham North, Meopham South and Vigo, and Shorne, Cobham and Luddesdown. The remaining wards are categorised as being urban locations.

8.94 This rural households analysis triangulates available data to develop an combined quantitative based and qualitative based understanding of Gravesham's rural households. This is undertaken by considering the 2011 Census data, the findings of Gravesham's existing published rural housing needs surveys (to set the context of rural housing needs), and the findings of the Gravesham Housing Needs Survey 2015, undertaken as part of this SHMA work).

8.95 Considering the 2011 Census data the number of households in rural parts of Gravesham (8,140 households) constitutes approximately 20% of the total number of households in the Borough (40,431 households).

8.96 The 2011 distribution of rural and urban households in Gravesham by the size of household spaces (number of bedrooms) is set out below in Table 90.

Table 90 - Size-specific distribution of Gravesham households by rural and urban location (2011)

	Rural	Urban	Total
1 Bedroom	3%	14%	12%
2 Bedrooms	19%	25%	24%
3 Bedrooms	47%	47%	47%
4 Bedrooms	23%	11%	13%
5 or more Bedrooms	7%	3%	4%
Total	100%	100%	100%

Source: ONS 2011 Census data, QS406EW – Household Size

8.97 This shows that the highest proportion of rural households live in a 3 bedroom property (47%), the same as the 3 bedroom proportion for urban households, however there is variation between rural and urban households in all other sizes. Rural households have a lower proportion of smaller 1 and 2 bedroom properties than urban households (a total of 22% compared to 39% respectively), and a higher proportion of larger 4 and 5+ bedroom properties (a total of 30% compared to 14% respectively).

8.98 This variation in stock suggests there may be some difficulty for current households in accessing smaller properties in rural parts of the Borough. This could inform a future policy focus on increasing the proportion of smaller units in the rural wards, which may also improve rural affordability, where larger properties are generally most expensive (although this is also influenced by factors such as stock age, condition and type).

8.99 The 2011 distribution of rural and urban households in Gravesham by tenure is shown below in Table 91.

Table 91 - Tenure-specific distribution of Gravesham households by rural and urban location (2011)

	Rural	Urban	Total
Owned	86%	59%	65%
Shared Ownership	0%	1%	1%
Social Rented	6%	20%	17%
Private Rented	7%	19%	16%
Living Rent Free	1%	1%	1%
Total	100%	100%	100%

Source: ONS 2011 Census data, QS405EW – Tenure, Households

8.100 This shows that there is a significantly higher proportion of ownership in Gravesham's rural wards (86%, 27% above the proportion of 59% in the urban wards). There is also a significantly lower proportion of social renting and private renting in the rural part of the Borough (6% and 7% respectively) than there is in the urban area (20% and 19%) respectively.

8.101 Considering this, Gravesham's housing strategy over the remaining Local Plan period should support the delivery of all forms of rental tenure and affordable housing options in the rural parts of the Borough, to increase the diversity of rural housing choice, which is also likely to improve affordability in the rural parts of the Borough.

8.102 The 2011 distribution of rural and urban households by stock type is shown below in Table 92.

Table 92 - Stock type-specific distribution of Gravesham households by rural and urban location (2011)

	Rural	Urban	Total
Detached	44%	9%	16%
Semi-detached	37%	31%	32%
Terraced	15%	36%	32%
Flat, Maisonette, Apartment	3%	23%	19%
Caravan/Mobile/Temporary Home	1%	0%	0%
Shared Dwelling	0%	0%	0%
Total	100%	100%	100%

Source: ONS 2011 Census data, QS402EW – Accommodation Type - Households

8.103 This shows that detached stock is the most prevalent stock type in Gravesham's rural wards, constituting 44% of properties, compared to only 9% in urban wards. However, the proportion of semi-detached rural stock is fairly comparable to the proportion of semi-detached urban stock (37% compared to 31% respectively). The proportion of terraced stock (15%) and flatted stock (3%) is substantially below the proportions in the urban area (36% and 23% respectively).

8.104 The variation in stock composition in the rural and urban parts of Gravesham reinforces, and is reinforced by, the findings detailed in the above size-specific and tenure-specific analysis. The very high proportion of detached and semi-detached properties in the rural parts of the Borough (81% of total rural households) helps to understand why house prices are higher in rural areas, and why affordability is therefore more challenged.

8.105 This should also be considered in Gravesham's housing strategy over the remaining Local Plan period. Focus could be placed on improving the diversity of rural stock type by increasing the proportion of terraced and flatted stock, and encouraging this in new development alongside any traditional detached and semi-detached developments. This could help to improve the accessibility and affordability of Gravesham's rural areas to all ages, types and sizes of household.

Previously Published Rural Housing Needs Surveys

8.106 A number of rural housing needs surveys have been undertaken and published for Gravesham over the period from 2009 - 2013, specifically; Cobham Housing Needs Survey 2005, Higham Housing Needs Survey 2009, Meopham Housing Needs Survey 2009, Vigo Housing Needs Survey 2012, Istead Rise Housing Needs Survey 2012 and Shorne Housing Needs Survey 2013.

8.107 The findings from these surveys provide useful context and support for this SHMA's consideration of rural housing needs. A brief overview of their findings is set out here, however the original reports on the Council's website[110] should be referred to for full and detailed findings.

8.108 For **Cobham parish**, the Cobham Housing Needs Survey obtained 158 survey responses (28% of the total distributed). It identified that 78% of respondents were owner-occupiers and that 79% of properties had 3+ bedroom properties.

8.109 Local affordability issues were identified in the parish, particularly for first time buyers who would require an income above £87,000 for market home ownership and an income above £33,000 for private renting. There was an identified need for 7 affordable homes in the parish for local households, 57% of which are single person households.

8.110 A number of respondents indicated aspirations of home ownership, to which a recommendation was made that shared ownership tenure could provide an alternative to this.

8.111 Considering older person households, the survey found a majority preference to stay in their own home, with in-home assistance if required. A specific new-build scheme to provide for older person households needs was not considered viable due to the small number of respondents who expressed an aspiration for alternative accommodation. It was noted that smaller 1 and 2 bedroom properties should form part of any new developments in the parish to facilitate down-sizing within the parish.

[110] http://www.gravesham.gov.uk/services/council-and-democracy/policies-strategies-and-open-data/transparency-in-local-government/housing-needs-surveys

8.112 For **Higham parish**, the Higham Housing Needs Survey obtained 345 survey responses (19% of the total distributed). It identified local affordability issues in the parish, reflecting its high property prices and the predominance of private ownership, and further exacerbated by the tighter mortgage lending restrictions which had recently been introduced at the time of the survey. Affordability issues were particularly acute for first time buyers who would require an income above £29,000 and a deposit of £11,500 for a 1 bedroom market property (at the time of the survey), and an income above £36,000 to privately rent a 2 or 3 bedroom property.

8.113 The survey identified a total of 46 households in general housing need (25 in current need and 21 who will be in need in the next 5 years). There were also an additional 19 households who indicated they may require older persons/sheltered accommodation in the next 3 – 10 years.

8.114 Therefore, a total of 65 households in the parish indicated they were in some form of housing need.

8.115 For **Meopham parish**, the Meopham Housing Needs Survey obtained 575 survey responses (21% of the total distributed). As for Higham, it identified local affordability issues in the parish, reflecting its high property prices and the predominance of private ownership, and further exacerbated by the tighter mortgage lending restrictions which had recently been introduced at the time of the survey. Affordability issues were particularly acute for first time buyers who would require an income above £34,000 and a deposit of £13,499 for a 2 bedroom market property (at the time of the survey), and an income above £23,000 to privately rent a studio flat.

8.116 The survey identified a total of 62 households in general housing need (22 in current need and 40 who will be in need in the next 3 years). There were also an additional 68 households who indicated they may require older persons/sheltered accommodation in the next 3 – 10 years.

8.117 Therefore, a total of 130 households in the parish indicated there were in some form of housing need.

8.118 For **Vigo parish**, the Vigo Housing Needs Survey obtained 320 survey responses (40% of the total distributed). It identified that 97% of respondents were owner-occupiers, and there was a strong presence of long-term local residents (77% who had lived Vigo for at least 10 years).

8.119 As for Higham and Meopham, it identified local affordability issues in the parish, reflecting its high property prices and the predominance of private ownership, and further exacerbated by the tighter mortgage lending restrictions which continued to have an effect at the time of the survey. Affordability issues were particularly acute for first time buyers who would require an income of £40,000 per annum and a deposit of £24,749 for a 2 bed terraced property (the

cheapest in the parish at the time of the survey, when no 1 bed properties were available), and above £34,000 to privately rent a 2 bed house.

8.120 The survey identified a total of 7 households who need affordable housing now, and 10 households who need affordable housing in the next 3 years.

8.121 For **Istead Rise parish**, the Istead Rise Housing Needs Survey obtained 599 survey responses (42% of the total distributed). It identified that 97% of respondents are owner-occupiers, and there was a strong presence of long-term local residents (74% who have lived in Istead Rise for at least 10 years).

8.122 As for Higham, Meopham and Vigo, it identified local affordability issues in the parish, reflecting its high property prices and the predominance of private ownership, and further exacerbated by the tighter mortgage lending restrictions which continued to have an effect at the time of the survey. Affordability issues were particularly acute for first time buyers who would require an income of £46,143 per annum and a deposit of £28,500 for a 2 bed semi-detached bungalow (the cheapest in the parish at the time of the survey, when no 1 bed properties were available), and approximately £42,000 to privately rent.

8.123 The survey identified a total of 4 households who need affordable housing now, and 4 households who need affordable housing in the next 3 years.

8.124 For **Shorne parish**, the Shorne Housing Needs Survey obtained 328 survey responses (31% of the total distributed). It identified that 90% of respondents are owner-occupiers, and there was a strong presence of long-term local residents (71% who have lived in the Shorne for at least 10 years).

8.125 As for the majority of Gravehsam's rural parishes, it identified affordability issues in the parish, reflecting high property prices and the predominance of private ownership. This was exacerbated by mortgage requirements at the time of the survey, when deposit requirements had reached a minimum of around 15%, and where despite deposit reductions through schemes such as Help to Buy, affordability was still challenged because deposit reduction results in higher mortgage repayments. Affordability issues were particularly acute for first time buyers who would require an income of £68,000 per annum and a deposit of £42,000 for a 3 bed semi-detached bungalow (the cheapest available at the time of the survey), and approximately £47,670 to privately rent.

8.126 The survey identified a total of 7 households who need affordable housing now and 6 households who need affordable housing in the next 3 years.

8.127 Across the rural parishes, a strong predominance of home ownership is evident. Accompanying this trend, and contributed to by it, are affordability issues across Gravesham's

rural area, particularly relating to affordability for first time buyers looking to get onto the property ladder.

Analysis of 2015 Housing Needs Survey (HNS)

8.128 To develop a qualitative understanding of Gravesham's rural households, findings from the 2015 Housing Needs Survey (HNS) are considered and analysed.

8.129 The HNS was undertaken across all Gravesham wards, using a weighted sampling approach to replicate the demographic profile of the authority area. Comparative analysis between rural and urban areas has been undertaken by assigning each ward with rural or urban status. As for the quantitative analysis above, the main rural wards in Gravesham have been identified as Higham, Istead Rise, Meopham North, Meopham South and Vigo, and Shorne, Cobham and Luddesdown. All other wards are defined as being urban in the context of this analysis. Respondents from the identified rural wards constitute 18.4% of the total survey sample (92 respondents), and urban respondents constitute 81.6% of the total survey sample (407 respondents).

8.130 The analysis and stock profiles identified in this sub-section reflect the distribution and trends from the 499 respondents sampled in the survey, so will not necessarily apply across the whole authority area. However, it provides a useful indication of the trend that may be observed across the authority.

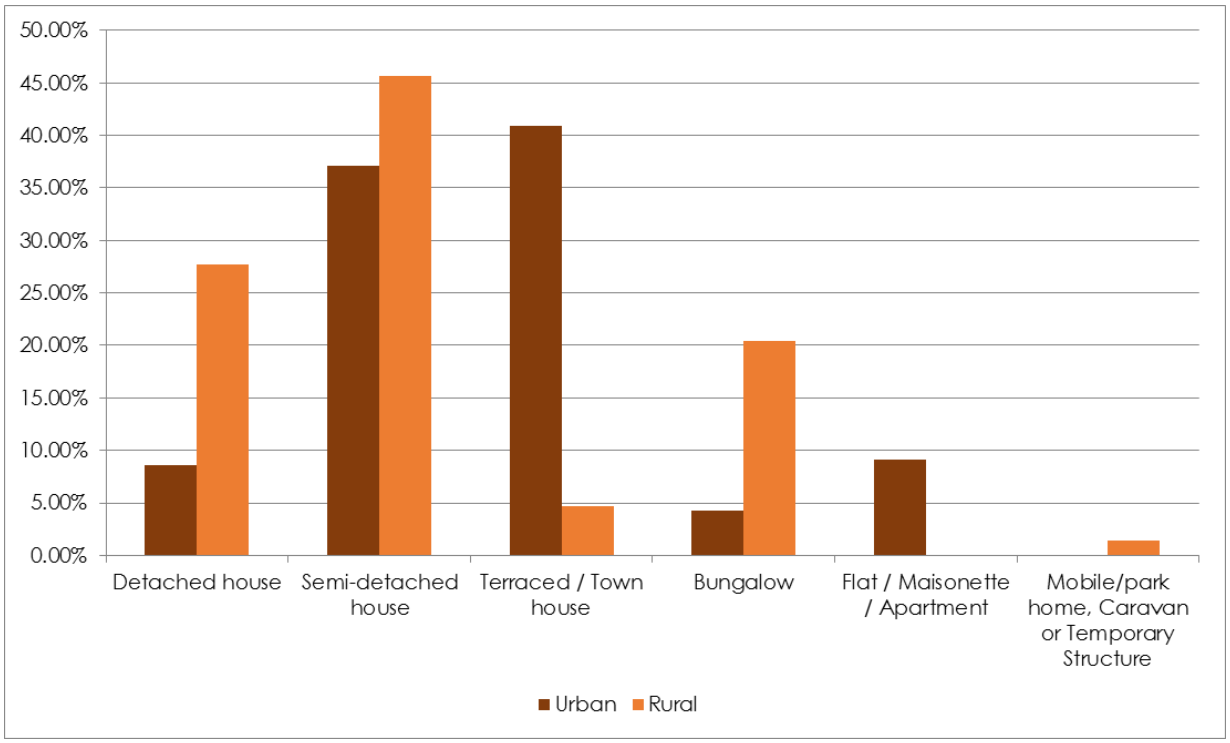
8.131 No definitive recommendations are drawn from this analysis, due to the relatively small sample size reducing its reliability. Any potential future issues or actions identified must be caveated with the reliability of the survey sample size, and should be considered more broadly with the secondary data based conclusions and recommendations.

Stock Type

8.132 As shown below in Figure 48, there is a higher proportion of detached, semi-detached and bungalow stock occupation by rural respondents (27.7%, 45.7% and 20.5% respectively) compared to urban respondents (8.7%, 37.1% and 4.3% respectively). There is a lower proportion of terraced and flatted stock occupation by rural residents (4.7% and 0%) compared to urban residents (20.5% and 9.1%).

8.133 The different stock type occupation profiles in the rural and urban areas suggest that certain types of stock may need to be prioritised in these areas in the future, in order to provide residents with equal opportunity and access to the full range of stock options, across the range of price points. For example; it may be beneficial to deliver more terraced and flatted stock in the rural area, which tends to offer more affordable housing options.

Figure 48 - Gravesham Property Type by Rural and Urban Location



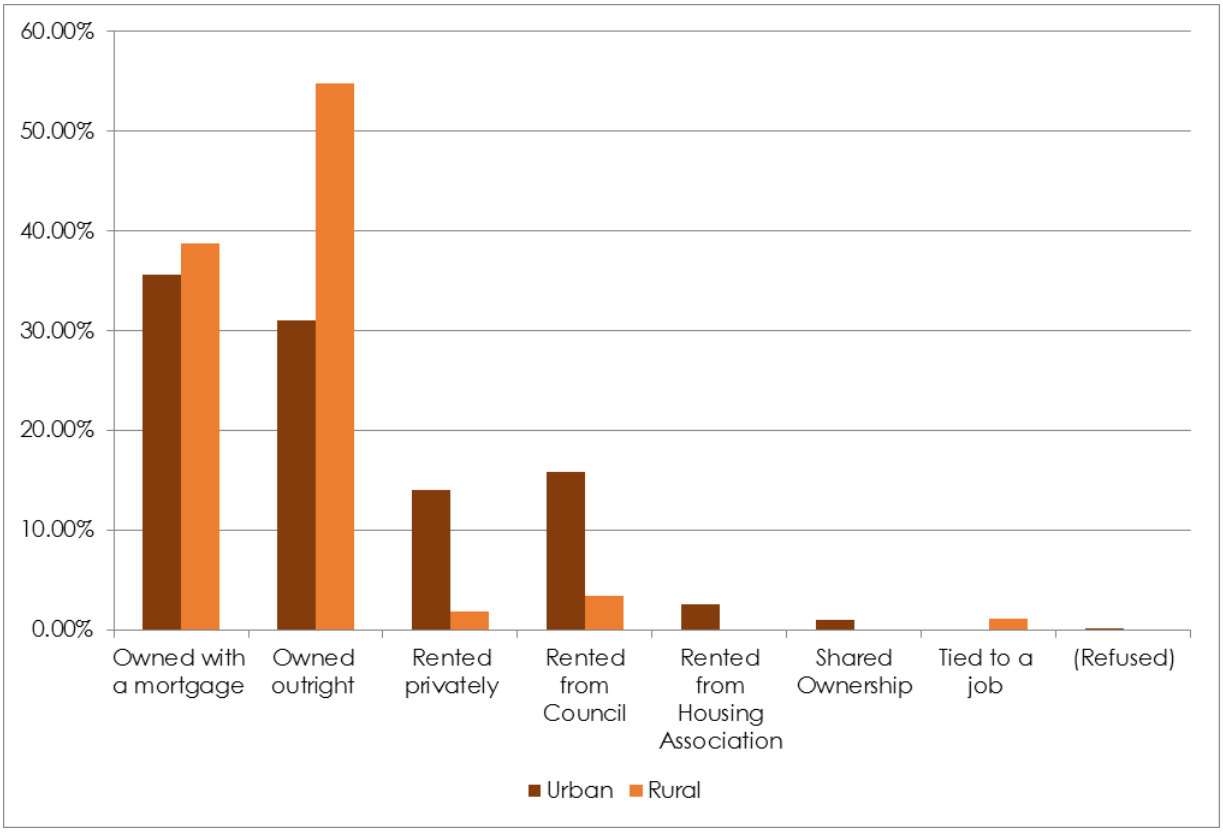
Stock Tenure

8.134 **Error! Reference source not found.** shows similar trends in home ownership with a mortgage; 8.8% of respondents in rural areas and 35.6% of respondents in urban areas. However there is a significantly higher proportion of home ownership outright in rural areas (54.8% of rural respondents) compared to urban areas (40% of respondents), which is underpinned by the findings from the previous rural housing needs surveys. Rural respondents also occupy a significantly lower proportion of private rental properties (1.9%) compared to urban respondents (14%), and council rented properties (3.4%) compared to urban respondents (15.8%).

8.135 There is no indication of occupying housing association rented or shared ownership properties from rural respondents, compared to 2.5% and 0.9% of urban respondents respectively.

8.136 Considering the small sample size of rural respondents, these trends do not suggest a need to promote any radical tenure variations in the rural or urban parts of Gravesham going forward, however they do potentially reflect differences in the income levels/affordability between respondents in rural and urban areas.

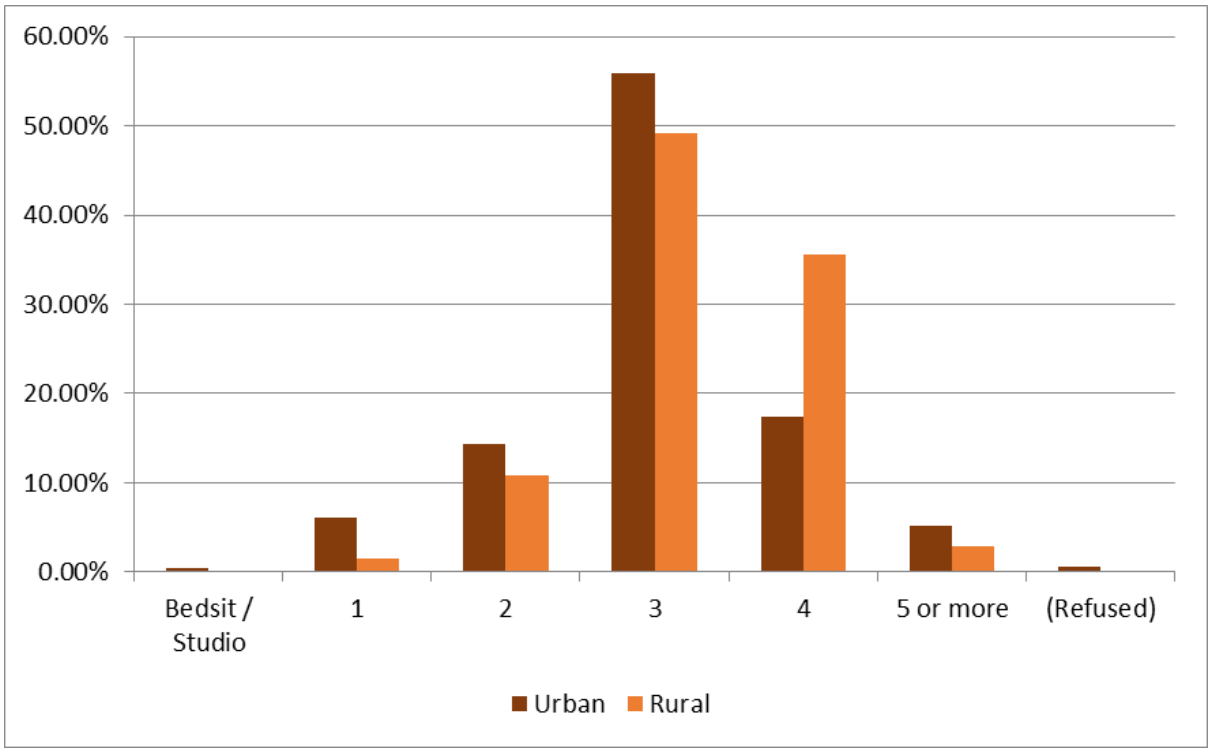
Figure 49 - Gravesham Property Tenures by Rural and Urban Location



Stock Size

8.137 Figure 50 below shows that rural areas have a significantly higher proportion of 4 bedroom stock (35.5%) compared to urban areas (17.4%). Urban areas have a higher proportion of stock by all other bedroom numbers. This suggests a potential requirement to increase the delivery of this stock size in urban areas, and control future delivery of this stock size in rural areas. This would increase the similarity in stock size distribution, and therefore the accessibility to the full range of stock sizes, between rural and urban areas in Gravesham.

Figure 50 – Gravesham Stock Size by Rural and Urban Location



Adequacy and Affordability

8.138 When respondents were asked whether their current home is adequate for their needs, a much lower proportion of rural respondents indicated their home is inadequate (1.5%), compared to respondents in urban areas (6.3%). However, this is based on a very small sample size, where the 1.5% equates to only 1 rural respondent. This means that it is not possible to compare the reasons for inadequacy between rural and urban respondents.

8.139 Despite the small sample size, the significance of the difference in proportion between rural and urban residents suggests that households in the rural parts of Gravesham may have lesser housing needs than those living in the authority's urban areas.

8.140 In terms of affordability, 61.7% of rural respondents indicated they receive no help with their housing costs (rent/mortgage), compared to 66.5% or urban respondents. A lesser proportion of rural respondents indicated they meet their rent in full with Housing Benefit (1.1%) compared to urban respondents (5.8%), and a lesser proportion of rural respondents meet their rent in part with Housing Benefit (0.9%) compared to urban respondents (6.8%).

8.141 When respondents were asked about their concern with meeting their housing costs, a higher proportion of rural respondents indicated they are 'not concerned at all' (64.6%) compared to urban respondents (48%). 13% of rural respondents indicated they are 'very concerned' or 'fairly concerned' about meeting their housing costs, compared to 22.3% of urban respondents.

8.142 This analysis suggests that affordability may be a less acute issue for rural Gravesham households, than for urban households. The most notable potential housing implications for rural areas in Gravesham may relate to improving the range of stock type and size distribution to ensure rural residents have the opportunity to access all housing types and sizes.

8.143 This shows some contradiction with the clear indication of affordability issues emerging from the existing rural housing needs surveys. However, this reflects the high levels of home ownership in rural parts of Gravesham, where it is newly forming households looking to get onto the property ladder who face the most acute affordability issues.

Key Findings

8.144 The purpose of this section has been to consider the housing requirements of specific groups whose housing needs might differ from the majority of the population. The key findings are as follows:

- **Older person households (65+)** are projected to grow at a significant level over the projection period; from 11,308 in 2013 to 17,849 in 2037. This is a total growth of 6,541 (58%).

  The majority of older person households will continue to live in their family home, possibly with adaptations. The provision of new homes specifically designed to be adaptable will help improve choice and flexibility, should be prioritised by the Council in order to meet the needs of this group. This should be complemented with further policy which encourages the downsizing of properties in older age groups.

  The HNS analysis identifies that the majority of households with someone aged 60+ have not had any special adaptations to accommodate the potential needs of this age group. However, of those that have been adapted for an elderly member (11.2%), the most common adaptations are fairly small/minor, and therefore can be fairly easily accommodated and implemented in the home.

  The HNS analysis suggested that elderly residents in Gravesham may prefer to remain in their home with adaptations and/or support, rather than moving into sheltered accommodation/a care home. This reinforces the importance of focussing on supporting choice and flexibility by facilitating the adaptability of homes where possible.

  Whilst in-home support is identified as the preference in current research and through the primary data analysis of the HNS, there may still be a future requirement for increasing sheltered housing and care home provision, considering the projected increase in the ageing population, particularly in the oldest cohorts of the population.

- For Groups with **Specific Support Needs**, projected increases from 2014 to 2030 in the number of people with learning and physical disabilities and personal care disabilities suggest the likelihood that the overall capacity of suitable stock will need to continue to grow in Gravesham in order to meet needs. There is projected to be a 41.8% increase in those aged 65+ with learning disabilities, a 9.5% increase in those aged 18-64 with a moderate physical disability, a 12.4% increase in those aged 18-64 with a serious physical disability and a 10.6% increase in those aged 18-64 with a moderate or serious personal care disability. This will require careful consideration at a strategic level;

  The HNS analysis suggests potential future requirements for more adaptable and purpose-built stock to accommodate households containing someone with a physical disability. It suggests there is not currently a very high proportion of these households with home adaptations or living in purpose built homes, however this does not establish whether those without adaptations have expressed a desire for them.

- **Younger Person Households** – The number of households in the 15 – 24 and 25 – 34 age groups are anticipated to increase by 11% and 18% respectively, 2012 – 2037. Younger age groups also comprise a significant proportion of inward and outward migration flows into Gravesham. It is important to consider the needs of these households, particularly with regards to affordability and their prevalence within the private rented sector.

  It is identified from the HNS that of the households likely to form over the next 5 years, the vast majority (84.8%) are expected to be formed by 16+children living at home with their parents. 19.0% are within the 16-24 age group and 75.8% are within the 25-44 age group. This suggests a significant proportion of potential newly forming younger person households in the next 5 years in Gravesham. However, the survey does not identify the certainty with which these new households are likely to form, so it cannot provide any indication of perceived barriers or challenges to achieving this new household formation i.e. affordability or appropriate stock availability.

  From primary and secondary data analysis it is evident that the Council should support the provision of suitable and affordable homes for younger person households, many of whom will be looking to form new households over the plan period. The upper OAN range provides headroom on the demographic based figure which incorporates the uplift required to accommodate concealed households (amongst other market signal factors).

- In 2011 **BME (non-white)** groups made up 17% of the population in Gravesham, of which 10% are Asian / Asian British and 3% are Black/African/Caribbean/ Black British. This is a higher proportion than the national, regional and HMA levels.

Over the ten year period from 2001 – 2011 Gravesham saw a 7% reduction in the white population as a proportion of total population, and 1 – 2% increases in each of the other ethnic groups. This shows similarity with comparator areas at the national, regional and local scale, particularly with the national trend for England and the Housing Market Area trends in Dartford and Medway.

In terms of household composition the largest proportion for all ethnic groups is for family homes, which would suggest that demand for family sized units will arise across all ethnic groups rather than one specific group. However, this demand may be more pronounced from the White, Asian/Asian British and Black/African/Caribbean/Black British groups. Demand for smaller units is more likely from Mixed/Multiple Ethnic Groups and white groups, who have higher proportions of one person households.

In terms of stock type the largest proportions for all groups are for semi-detached properties and terraced properties. Mixed/Multiple Ethnic Groups and Black/African/Caribbean/Black British groups have comparatively low proportions of households living in detached stock, and comparatively high proportions of households living in flats/maisonettes/apartments (along with the Other Ethnic Group).

In terms of stock tenure, ownership and shared ownership is highest in the Asian/Asian British and White groups, social renting is fairly comparable across all ethnic groups (with the exception of the Asian/Asian British groups which has a lower proportion), and the highest proportions of private renting and living rent free are for Other Ethnic Group, Black/African/Caribbean/Black British, and Mixed/Multiple Ethnic Groups

Considering the difficulties in projecting forward Gravesham's ethnic composition by household composition, stock type and tenure, it should be assumed that this will follow a similar distribution as identified in the 2011 Census. There is no robust policy basis for assuming substantial variation from this current evidence.

Traditionally BME households face constrained housing choices. There is also propensity for multi-generational households amongst certain ethnic groups which can lead to high proportions of over-crowding, with implications for size requirements.

HNS analysis suggests that compared to all Gravesham households, BME households may be larger in size, contain more children, have a greater tendency towards accommodating multiple generations and may also be overcrowded (in relation to required bedroom numbers). Affordability issues could be preventing households from accessing properties that meet their size requirements, and/or the formation of households, however this can also reflect the propensity of certain ethnic groups for large, multi-generational households. In light of this analysis, potential approaches to

increasing BME group access to affordable and more appropriately sized homes should be considered, and explored in further detail.

Considering the primary and secondary data analysis relating to BME households, affordability and overcrowding seem to be the key issues faced by this group which should be important for the Council to address over the plan period. In stock terms, the requirements of this group seem to be for more affordable stock which can accommodate larger family sizes (i.e. has a greater number of bedrooms 3+), and which generally provides more space (i.e. semi-detached stock and detached stock.

- **Rural Households** are considered through quantitative analysis of secondary 2011 Census data and qualitative analysis of primary HNS data. Households are defined as being rural when located within the main rural wards of Higham, Istead Rise, Meopham North, Meopham South and Vigo, and Shorne, Cobham and Luddesdown, constituting 20% of the total number of households in the Borough (as recorded in the 2011 Census), and 18.4% of the total HNS sample.

  The highest proportion of rural households live in 3 bedroom properties. Compared to urban households, rural households have a lower proportion of smaller 1 and 2 bedroom properties and a higher proportion of larger 4 and 5+ bedroom properties. This variation in stock suggests there may be some difficulty for current households in accessing smaller properties in rural parts of the Borough, which is supported by the findings from the existing rural housing needs surveys where in many parishes no 1 or 2 bedroom properties were available at the time of the survey. This could inform a future policy focus on increasing the proportion of smaller units in the rural wards, which may also improve rural affordability, where larger properties are generally most expensive (although this is also influenced by factors such as stock age, condition and type).

  There is a significantly higher proportion of home ownership in Gravesham's rural wards, and a significantly lower proportion of social renting and private renting. Considering this, Gravesham's housing strategy over the remaining Local Plan period should support the delivery of all forms of rental tenure and affordable housing options in the rural parts of the Borough, to increase the diversity of rural housing choice, which is also likely to improve affordability in the rural parts of the Borough.

  Detached stock is most prevalent in Gravesham's rural wards, significantly higher than the proportion in urban wards. The proportion of semi-detached stock is comparable in rural and urban areas, and the proportion of terraced and flatted stock in rural areas is substantially below that in urban areas. This should also be considered in Gravesham's housing strategy over the remaining Local Plan period. Focus could be placed on improving the diversity of rural stock type by increasing the proportion of terraced and flatted stock, and encouraging this in new development alongside any

traditional detached and semi-detached developments. This could help to improve the accessibility and affordability of Gravesham's rural areas to all ages, types and sizes of household.

Considering the qualitative analysis of the HNS, compared to urban respondents, there is a higher proportion of detached, semi-detached and bungalow stock occupied by rural survey respondents, lower proportions of private and council renting, and a higher proportion of 4 bedroom stock. Rural respondents seemed happier with the adequacy of their current home than urban respondents. Whilst the reliability of this analysis must be caveated by the relatively small sample size on which it is based, it suggests potential rural specific considerations for the Council, such as delivering more terraced and flatted stock to offer more stock variation and affordable choice, and focussing more on delivering smaller stock (1-3 bedrooms)/controlling the delivery of 4 bedroom units to balance the size distribution.

Slightly fewer rural respondents indicated they receive no help with their housing costs (rent/mortgage) compared to urban respondents, however fewer rural respondents rely fully or partially on Housing Benefit to meet their housing costs. This does not provide any clear understanding of affordability in rural or urban areas. However, rural respondents indicated much less concern about meeting their housing costs compared to urban residents. This suggests that affordability may be a less acute issue for rural households in Gravesham, compared to urban households.

8.145 **It is therefore evident that the specific housing requirements for older person households, younger person household and specific support needs groups, BME groups (particularly multi-generation households) as well as more difficult to quantify groups such as self-build groups and gypsies and travellers, should be considered in Gravesham's future housing strategy.**

9. Conclusions

Core Output 1: Estimates of current dwellings in terms of size, type, condition, tenure

9.1 The total number of dwellings in Gravesham has increased from 38,261 in 2001 to 40,431 in 2011. This is an increase of 2,170 dwellings, equating to a 6% increase over the ten year period.

9.2 Of the current stock within Gravesham, 16% is detached, 32% is semi-detached, 32% is terraced, 20% is flatted and 1% is Caravan or other stock type. This represents a significantly lower proportion of detached stock when compared to 28% for the South East region and 25% for Kent. Within Gravesham's HMA however, this proportion is broadly in line with Medway (14%) and Dartford (13%). Gravesham shows a high proportion of terraced stock when compared to England (24%), South East (11%) and Kent (25%). This proportion however is in lower than Medway (41%) and in line with Dartford (33%), and therefore is not an anomaly within Gravesham's HMA area. The proportion of semi-detached stock is largely in line with comparable areas, whilst the proportion of purpose built flatted stock is high when compared to Kent (13%) and Medway (12%), but lower than Dartford (20%)

9.3 The 2011 Census identified the following composition in Gravesham's housing stock; 12% 1 bed, 24% 2 bed, 47% 3 bed, 13% 4 bed and 4% 5 bed. This represents a higher proportion of 3 bed properties when compared with England (41%), South East (39%), Kent (40%) and Dartford (42%). Within Gravesham's HMA however, Gravesham has a marginally higher proportion of 3 bed properties at 49%. The proportion of other stock sizes within Gravesham is largely in line with comparable areas.

9.4 Based on the very basic proxy of households with central heating, Gravesham has a high overall stock quality at 97.5%. There is therefore no obvious concern with basic stock quality raised from analysis.

9.5 Of Gravesham's current stock at the 2011 Census, approximately 65% is owner occupied, 16% is private rented, 17% is social rented and 1% is shared ownership. In the context of comparator areas, this demonstrates a relatively slightly low proportion of home ownership which stands at 68% in the South East, 67% in Kent, 67% in Dartford and 70% in Medway. The proportion of social rent is the highest amongst comparable areas in Kent, and roughly in line with the proportion in England (18%). With regards to other tenures, Gravesham's proportions are similar to those within its HMA.

Core Output 2: Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market

9.6 The 2011 Census identified that 101,720 people live in Gravesham. This was updated to 105,261 people in the latest ONS 2014 mid-year population estimates (an increase of 3,541 people, 3%). Comparing the 2001 (Census based) and 2014 (ONS mid-year estimate based) population levels, there has been a growth of 9,549 (10%) over the 13 year period, which equates to an annual growth figure of 735 people.

9.7 International migration was the most significant contributor to Gravesham's population growth over the period 2001 - 2014, accounting for 5,865 more residents, 62% of the 9,470 population growth (comparing ONS 2001 and 2014 mid-year population estimates, therefore slightly different to the above growth figure). This contribution has varied in scale over the 13 years, fluctuating from a low of +70 people from 2001 – 2002 to a high of +766 people from 2004 – 2005, however it has always resulted in net population gain. Natural change (fertility exceeding mortality) contributed to 54% of total population growth in Gravesham over the period, with the number of births outweighing the number of deaths by 5,129. The net positive contribution from this component gradually increased from 2006 to 2012, but contributed less people between 2012-13 than in the previous year, and more people between 2013-14 than in the previous year. Positive natural change is considered to be indicative of a relatively young population structure. Domestic migration is the only component which had a negative influence on the population over the period (-22%), however its contribution has changed over the last three years. From 2001 – 2011 it accounted for a net loss of 2,826 people, but from 2011 – 2014 it accounted for a net gain of 755 people.

9.8 The 2011 Census identified 40,431 households and 41,744 household spaces in Gravesham. Comparing the 2001 and 2011 household and household spaces figures, there has been a growth of 2,186 households (6%) and 2,611 household spaces (7%), which equates to an annual growth figure of approximately 218 households and 261 household spaces.

9.9 In Gravesham between 2001 and 2013, 3,147 dwellings were constructed, which equates to an average completions rate of 262 dwellings per annum. There is substantial volatility in the completions trend over this period, with the lowest level of 137 dwellings (in 2001) compared to a peak of 464 dwellings in 2004/05. This SHMA indicates an OAN range from 396 to 569 dwellings per annum (both from the economic projection scenarios). An OAN of at least 495 dwellings per annum would provide a 6.5% increase above long-term migration demographic

needs taking into account UPC (average of 465dpa) and would seem on balance, the level that should be provided. This would provide an increase of 95% over past delivery rates.

9.10 An indicator of the imbalance between supply and demand for affordable housing in the authority area is shown in the size of the housing register in Gravesham, with 1,892 households registered (excluding transfers).

9.11 House price transactions and rental activity represent a direct indicator of activity within the housing market. The average house price for all stock types in Gravesham is £238,454 (based on 2015 Land Registry data). Within this, the lowest average price is for flatted stock at £137,669, compared with the highest average price for detached stock at £434,595.

9.12 The Lower Quartile house price has grown by 212% in Gravesham between 1996 and 2012, from £36,500 to £145,000. This growth is low when compared to Gravesham's HMA (225%), Kent (222%) for Kent and England (205%).

9.13 Considering the Private Rented Sector, the mean average cost of renting 2 and 3 bedroom properties in Gravesham (reflecting a typical standard unit) is £752 pcm. This is £14 (c.2%) lower than the level for Gravesham's HMA (£766), and significantly lower (15%) than the South East region (£868).

9.14 Income levels are a key determinant of the ability of households to exercise choice in accessing housing and the level of need for affordable housing products. In 2014 Gravesham households had Mean and Lower Quartile Incomes of approximately £36,761 and £15,708 respectively.

9.15 In affordability terms, based on the authority area's household income distribution (where 51.4% of Gravesham households earn less than £30,000 per year) and an assumed spend of up to 30% of household income on housing costs, only 57% of households in Gravesham can afford to purchase a Lower Quartile house with a 75% LTV mortgage, and only 49% of households can afford to purchase a Lower Quartile house with a 90% LTV mortgage or afford 2&3 bedroom market rent.

9.16 At the 30% housing spend level, households on the median average household income (£29162) should be paying a maximum of £729 per month. Those claiming benefits of £500 per week should be paying a maximum of £650 per month and those claiming benefits of £350 per week should be paying a maximum of £455 per month.

9.17 It is clear that some households face significant issues in terms of market entry and mobility in Gravesham. Affordability issues mean that purchasing and/or renting a property is outside the means of a substantial proportion of Gravesham households.

Core Output 3: Estimate of total future number of households, broken down by age and type where possible

9.18 Section 5 calculated the objectively assessed need range and figures for Gravesham over the projection period from 2012 to 2037. One of the outputs of this process is household projections for Gravesham over this period, based on different scenarios including a demographic baseline scenario (Long term migration scenario) and an economic growth scenario (Sectors & London Paramount Indirect Sensitivity 1 scenario), as explained fully in Section 5. The household projections for these two above-mentioned scenarios are presented here by age and by household type to understand the range of estimates for future households in Gravesham.

9.19 For the demographic (Long term migration) scenario Table 93 shows the projected future households to 2028 and 2037 by household age group. There is an increase of 7,621 households to the end of the Local Plan period, from 40,752 in 2012 to 48,373 in 2028. The largest household growth over this period is in the 85+ age group (76%), followed by the 60-64 age group (36%) and the 75-84 age group (30%). Slight reductions are anticipated in the 45-54 age group (-3%) and the 15-24 age group (-1%).

9.20 There is an increase of 11,594 households over the projection period, from 40,752 in 2012 to 52,346 in 2037. The largest household growth over the period is in the 85+ age group (144%), followed by the 65-74 age group (44%) and the 75-84 age group (46%). The smallest increases are anticipated in the 15-24 age group (11%), 45-54 age group (12%) and 35 – 44 (16%).

9.21 Table 94 shows the projected future households to 2028 and 2037 by household age group for the economic (Sectors & London Paramount Indirect Sensitivity 1) scenario. There is an increase of 9,338 households to the end of the Local Plan period, from 40,752 in 2012 to 50,090 in 2028. The largest household growth over this period is in the 85+ age group (78%), followed by the 60-64 age group (36%) and the 55-59 age group (30%). A 0% change is anticipated in the 45-54 age group, whilst some form of increase is anticipated for all other age groups.

9.22 There is an increase of 13,864 households over the projection period, from 40,752 in 2012 to 54,617 in 2037. The largest household growth over the period is in the 85+ age group (144%), followed by the 65 – 74 age group (46%) and the 75 – 84 age group (43%). The smallest increase is anticipated in the 45 – 54 age group (19%).

9.23 The projected household figures for the demographic baseline and economic scenario indicate the estimated range of the total number of future households in Gravesham by the end of the projection period (2037). The estimated range of total overall household growth is between 11,594 households and 13,889 households.

Table 93 – Demographic (Long term migration) Scenario Household Projections by Age Group (2012 - 2037)

Households by Age Group	Households			Change in Households			
	2012	2028	2037	2012-2028	%	2012-2037	%
0-14	0	0	0	0	0%	0	0%
15-24	1,258	1,242	1,392	-16	-1%	134	11%
25-34	5,563	6,285	6,554	722	13%	991	18%
35-44	7,675	9,017	8,915	1,342	17%	1,240	16%
45-54	8,392	8,182	9,406	-211	-3%	1,013	12%
55-59	3,338	4,308	4,289	971	29%	951	28%
60-64	3,218	4,381	3,942	1,163	36%	724	23%
65-74	5,774	7,125	8,453	1,352	23%	2,679	46%
75-84	4,120	5,345	5,952	1,225	30%	1,832	44%
85+	1,414	2,487	3,444	1,073	76%	2,030	144%
All Age Groups	**40,752**	**48,373**	**52,346**	**7,621**	**19%**	**11,594**	**28%**

Source: BGVA/ ONS SNPP

Table 94 – Economic (Sectors & London Paramount Indirect Sensitivity 1) Scenario Household Projections by Age Group (2012 - 2037)

Households by Age Group	Households			Change in Households			
	2012	2028	2037	2012-2028	%	2012-2037	%
0-14	0	0	0	0	0%	0	0%
15-24	1,258	1,345	1,548	87	7%	290	23%
25-34	5,563	6,987	7,173	1,424	26%	1,610	29%
35-44	7,675	9,770	9,847	2,095	27%	2,172	28%
45-54	8,392	8,361	9,966	-31	0%	1,573	19%
55-59	3,338	4,340	4,379	1,003	30%	1,042	31%
60-64	3,218	4,390	3,937	1,172	36%	719	22%
65-74	5,774	7,054	8,429	1,281	22%	2,655	46%
75-84	4,120	5,328	5,886	1,208	29%	1,766	43%
85+	1,414	2,513	3,451	1,099	78%	2,037	144%
All Age Groups	**40,752**	**50,090**	**54,617**	**9,338**	**23%**	**13,864**	**34%**

Source: BGVA/ ONS SNPP

9.24 Again, ideally, a further table would also be presented providing household category specific projections. These have implications for the provision of future housing in the Borough considering their associated size requirements. This data would be set out using the detailed assumptions from the Stage 2 release of the households projections, however at the time of this analysis being produced, only the Stage 1 release is available for the latest household projections which are used in this SHMA (release in 27th February).

Core Output 4: Estimate of current number of households in housing need

9.25 Section 6 provides the assessment of housing need to identify the current backlog of households in need. This relies on utilising the most up to date snapshot of need from Gravesham's housing register, considering homeless households and those in temporary accommodation, overcrowded and concealed households, and other need groups.

9.26 The homeless, temporary accommodation, overcrowded and concealed households are assumed to be included with the total housing register figure. Gravesham's total housing register figure is 1,124 households. This includes the households within all three priority bands of Gravesham's housing register (Band A, B and C), excluding transfers. Transfers are excluded from the total figure because they release supply of housing and therefore have a nil net effect. Households on the housing register identified as being within Band D are not included within this total, as they are not considered a priority band. As set out in Section 3, this band contains "home seekers without prioritise housing need factors" and households in this band would only be allocated a property if all households in Bands A – C had refused it.

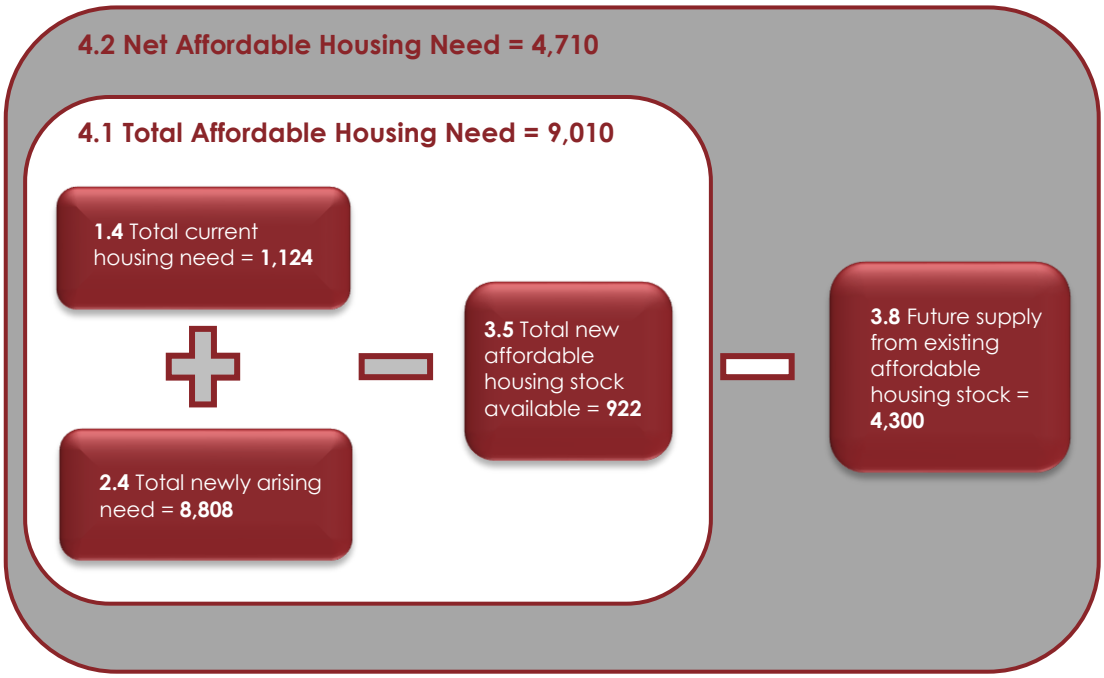
9.27 This figure of 1,124 households gives the total current housing need figure in Gravesham over the Local Plan Period, 2014 – 2028, as it is assumed the full backlog should be addressed over this period. This figure is then scaled up to 2,007 households over the projection period (2012 – 2037) and down to an annualised figure of 80 households[111]. These levels of need are assumed to be addressed fully and evenly over each of the respective time periods.

[111] The backlog is scaled up for the projection period (2012 – 2037) because this incorporates a buffer to deal with the array of difference factors that are likely to contribute to additional need, as well as the unknowns in the additional period from 2028 – 2037 such as the lag between additional need and delivery, the uncertainty in future affordability and economic prospects etc. The backlog being addressed over the 25 year period from 2012 – 2037 should be expected to be greater than that being addressed over the remaining Local Plan period.

Core Output 5 & 6: Estimate of future households that will require affordable housing and market housing

9.28 The calculation steps with outputs for the requirement of affordable housing in Gravesham over the remaining Local Plan period (2014 – 2028) are shown below in Figure 51. This identifies total affordable housing need of 9,010 households, which equates to net affordable housing need of 4,710 households.

Figure 51 - Affordable Housing Need Calculation Diagram (with figures)


4.2 Net Affordable Housing Need = 4,710
4.1 Total Affordable Housing Need = 9,010
1.4 Total current housing need = 1,124
2.4 Total newly arising need = 8,808
3.5 Total new affordable housing stock available = 922
3.8 Future supply from existing affordable housing stock = 4,300

9.29 A more detailed breakdown of this calculation and the resulting proportion of housing that will need to be affordable over the remaining Local Plan period is as follows:

- Affordable housing need backlog = 1,124
- Gross newly arising affordable need = 8,808
- **Total affordable need = 1,124 + 8,808 = 9,932**
- New affordable housing supply = 922
- Future supply from existing affordable stock = 4,300
- **Total affordable supply = 922 + 4,300 = 5,222**
- **Net Affordable Housing Need = Total affordable supply (5,222) – Total affordable need (9,932) = -4,710**

9.30 This identifies an affordable housing requirement of 4,710 households over the remaining Local Plan Period. Considering the other scenario columns in the calculation table above, this equates to an affordable housing requirement of 8,411 households when considered over the

2012 – 2037 projection period, and an affordable housing requirement of 336 households as an annualised figure. This assumes the entire backlog is cleared by the end of the respective time periods.

9.31 Allowing for Gravesham's 2.3% vacancy rate (which adequately facilitates housing market churn) this identifies an **affordable housing requirement of 4,818 dwellings** over the remaining Local Plan period (2014 – 2024), 8,604 dwellings over the projection period (2012 - 2037), and 344 dwellings annually.

9.32 The housing needs analysis should therefore be regarded as evidence that **in Gravesham, 'need' for affordable housing is greater than the currently identified 'supply' of affordable housing over the projection period, the Local Plan period, and on an annual basis**.

9.33 Over the remaining Local Plan period (2014 – 2028) the calculated need for 4,818 dwellings (344 dpa) constitutes 74% of the total number of dwellings required to deliver the OAN figure of 465 dwellings per annum, and 70% of the total number of dwellings required to deliver the increased OAN figure of 495dpa (taking into account economic and market signals evidence to increase the figure above demographic needs).

9.34 There is a complicated relationship between market and affordable housing, particularly considering the changeable nature of affordability and viability, and the nature of market housing delivery which means levels are dictated by the market itself. As such, the OAN figures calculated as part of this SHMA cannot be neatly divided into a need for market and affordable homes, but relates to all housing.

9.35 In qualitative terms, support for the significant affordable housing requirement levels identified, comes from the indication from the HNS that of the 4.7% of all respondents who need to move, 27.7% are not able to do this, with affordability cited as the main reason for this (78.5%).

Need for different affordable housing types

9.36 In Section 7, the affordability of each affordable housing type to Gravesham households (calculated earlier in this Report) is used to provide an indication of the potential distribution of need between these affordable housing types. This is summarised in Table 95 below.

9.37 Whilst this does not set a definitive recommendation, an indicative split for meeting affordable need throughout the provision of different types of affordable housing product is as follows:

- **Affordable Rent: 58% - 66%**
- **Shared Ownership: 22% - 28%**
- **Social Rent: 12% - 14%**

Table 95 - Summary Table of Indicative Affordable Housing Distribution

	Households that can afford tenure	Tenure distribution (all tenures)	Affordable tenure distribution
All households	49%		
Market housing	58% - 66%	49%	
Affordable Rent	66%	34%	**58% - 66%**
Shared Ownership	66% - 77%	11% - 14%	**22% - 28%**
Social Rent	49%	6% - 7%	**12% - 14%**

9.38 It should be noted that between 23% - 34% of households in Gravesham (depending on the scenario considered) would be deemed as not being able to afford any of the affordable housing products. This proportion of households is incorporated into the distribution for social rent (the most affordable of the affordable tenures), however it means that some households will require income support in order to access a social rented home.

Core Output 7: Estimate of the size of market and affordable housing required

9.39 It is difficult to definitively indicate the future size requirements for market housing, which will be influenced by changes in demographic characteristics, income, mortgage availability, market affordability and a range of other national, regional and local factors.

9.40 The Housing Needs Survey (HNS) asked respondents about needing to move to a different home, to which 4.7% of respondents (24 respondents) indicated they need to move. Respondents who said their household needed to move home were asked why, with the most commonly cited reason being 'home is too small' (49.2%) and the fourth most commonly cited reason being 'home is too big' (10.7%). This suggests a current mismatch in the size of property being occupied by these respondents, which could reflect an authority wide trend. However, it does not help in addressing this mismatch and identifying an appropriate size-specific distribution.

9.41 HNS analysis of respondents who indicated some members of their household are likely to form a new household in the next 5 years (24.4% = 103) shows that 36.1% of potential new households are likely to need a 2 bedroom property, 24.7% are likely to need a 3 bedroom property, 9.1% are likely to need a 1 bedroom property and 1.2% are likely to need a 4 bedroom property. Whilst the reliability of this must be caveated by the small sample size, it does provide a useful indication of the potential need for 2 and 3 bedroom properties. This

should be considered alongside the size specific indications from secondary data detailed below.

9.42 The most robust approach to considering the potential size-specific market housing requirements is to consider current size specific distribution. The 2011 Census data presented in the North Kent SHENA Baseline Report, and shown below in Table 96, sets this out. However, it should be noted this relates to all households in Gravesham, so is not specific to market housing.

Table 96 - Housing Stock by Number of Bedrooms (%)

Area	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
England	12%	28%	41%	14%	5%
South East	12%	26%	39%	17%	6%
Kent	11%	28%	40%	15%	5%
Gravesham	**12%**	**24%**	**47%**	**13%**	**4%**

9.43 This shows that for Gravesham, the proportion of 1 bedroom, 4 bedroom and 5 bedroom units are fairly comparable to the regional and national levels, although tending to be slightly lower for 4 and 5+ bedroom units. The proportion of 3 bedroom units is significantly above the regional and national comparators. The proportion of 2 bedroom units is below the levels of the regional and national comparators.

9.44 These variations would suggest that if the Council wishes to align its stock size distribution with the national, and particularly regional distributions, it would need to prioritise the delivery of 2 bedroom units, and to a lesser extent 5 bedroom and 5+ bedroom units, and control the delivery 3 bedroom units. However, this is not necessarily the approach to taken, as local distinctiveness in stock distribution is not assumed here to be negative. It can be reflective of / responsive to particular distinctions in demographic profile, for example.

9.45 It seems more appropriate that Gravesham Borough Council seeks to follow a similar size distribution in its market housing delivery as is currently evident in all housing stock for the District (approximately 12% 1 bed, 24% 2 bed, 47% 3 bed, 13% 4 bed and 4% 5+ bed), unless information becomes available which would suggest otherwise. The delivery of different sizes of market housing will in the most part be led by the market itself. It should also be considered that higher and lower proportions in market housing, to regional and national comparators, could be counteracted by differing proportions within the distribution of affordable housing.

9.46 The size-specific distribution of affordable housing can be considered in more detail using the indication of need by bedroom size recorded within the Council's housing register, as set out below.

9.47 Examination of Gravesham's housing register in Section 6 shows that across all priority bands (A, B and C) the largest demand for affordable housing is for 1 bedroom properties (760 households - 50%), followed by 2 and 3 bedroom properties (518 households - 34% and 136 households - 9% respectively). The smallest demand is for 4+ bedroom properties (94 households – 6%).

9.48 An appropriate level for the future distribution of affordable units could include approximately 52% 1 bedroom properties, 34% 2 bedroom properties, 9% 3 bedroom properties and 5% 4+ bedroom properties. This takes into account the combination of factors including; faster turnaround of smaller properties in comparison to larger properties, and potential for increasing demand for smaller homes with an ageing population and with younger persons looking to form new households, and importantly also projects forward size specific requirement trends currently identified from the Council's Housing Register. A general preference to live in a home larger than requirement entails and the difficulty in accessing larger family homes which have a much slower turnaround than smaller properties is considered, however these requirements do not require significant prioritisation within the context of Gravesham. This is particularly the case considering the disincentives for under-occupation, which is not encouraged in allocations policy, and which is affected by the Housing Benefit Cap.

9.49 As such, the 1 bedroom percentage is increased by 2% compared to the level of need indicated by the housing register data, the 2 and 3 bedroom percentages are maintained, and the 4+ bedroom percentage is reduced by 1% to reflect the lower level of demand for this property size.

9.50 These approximations represent a possible broad distribution for size based housing requirement, but this is by no means a set indication of how affordable units should definitively be distributed. Demand may vary depending on specific location in the Borough and the relevant context of current supply and demand.

Core Output 8: Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.

9.51 This SHMA analysis has highlighted that the demographic and economic profile of Gravesham has undergone change since the 2001 Census, and change is likely to continue over the projection period. The active housing market is likely to react and in part feed back into these changes.

9.52 The analysis in Section 6 considers specific groups which could have particular future housing requirements, and in some cases represent the prominent and dynamic parts of the Borough's changing profile.

9.53 The groups examined are set out below, alongside the key conclusions emerging from the analysis:

- **Older Person Households** – In line with regional and national trends, Gravesham is projected to experience an increase in the number and proportion of the population aged 65+, increasing by approximately 6,541 (58%) over the projection period (2012 – 2037). Growth is particularly marked in the 85+ household age band, which is projected to increase by 2,030 households (144%) over the 25 years from 2012 to 2037. This is also the second largest increase in household numbers in absolute terms after the 65-74 age band (2,679 households, 46%), which is significant given that overall, households aged 85+ make up the smallest proportion of households after the 15-24 band.

  The POPPI data identifies that from 2014 to 2030 the number of older people living in a care home is projected to increase by approximately 63.1%. The number of those unable to manage at least one domestic task on their own and is projected to increase by 41.8% and the number unable to manage at least one self-care activity on their own is projected to increase by 41.7%. This highlights the importance of providing appropriate retirement and adapted/custom build accommodation which is suitable for housing ageing residents living in a couple as well as single person households (2 – 3 bed units). This should be tempered with policies encouraging downsizing of the elderly population into smaller properties, releasing capital for owners as well as much needed larger stock for other residents. This will facilitate flexibility and churn in Gravesham's housing market, but will be dependent on a focus in parts of the Borough which are both desirable and affordable for new residents.

The HNS analysis identifies that the majority of households with someone aged 60+ have not had any special adaptations to accommodate the potential needs of this age group. However, of those that have been adapted for an elderly member (10.9%), the most common adaptations are fairly small/minor, and therefore can be fairly easily accommodated and implemented in the home.

The HNS analysis suggested that elderly residents in Gravesham may prefer to remain in their home with adaptations and/or support, rather than moving into sheltered accommodation/a care home. This consolidates the focus on supporting choice and flexibility by facilitating the adaptability of homes where possible.

- **Groups with Specific Support Needs** – The PANSI data shows that projected increases from 2014 to 2030 in the number of people with learning and physical disabilities and personal care disabilities suggest the likelihood that the overall capacity of suitable stock will need to continue to grow in Gravesham in order to meet needs. There is projected to be a 41.8% increase in those aged 65+ with learning disabilities, 9.5% increase in those aged 18-64 with learning disabilities, a 9.5% increase in those aged 18-64 with a moderate physical disability, a 12.4% increase in those aged 18-64 with a serious physical disability and a 10.6% increase in those aged 18-64 with a moderate or serious personal care disability. This will require careful consideration at a strategic level;

  The HNS analysis suggests potential future requirements for more adaptable and purpose-built stock to accommodate households containing someone with a physical disability. It suggests there is not currently a very high proportion of these households with home adaptations or living in purpose built homes, however this does not establish whether those without adaptations have expressed a desire for them.

- **Younger Person Households** – Gravesham is projected to experience an increase of 1,125 (16%) people between the age of 15 and 34 over the projection period (2012 – 2037). The 15-24 age group will increase by 134 people (11%) over the period and the 25-34 age group will increase by 991 people (18%) over the period.

  This justifies the need for Gravesham Council to consider the specific housing requirements of younger person households as does the need to retain some of the young demographic in the future within the Borough's labour market (with there being a net out-migration of 1,530 people in the 16-29 age group from Gravesham in 2013, accounting for 34% of total net out-migration). The focus on meeting the needs of younger person households ties in very closely with the national, regional and authority level issue of affordability. An increasing difficulty in home purchase and increasing private rental levels is resulting in increased sharing in this demographic, beyond just

the traditional student household sharers. Gravesham Council will need to prioritise younger households within the overall approach to meeting affordable housing needs in the Borough.

It is identified from the HNS that of the households likely to form over the next 5 years, the vast majority (84.8%) are expected to be formed by 16+children living at home with their parents. 19.0% are within the 16-24 age group and 75.8% are within the 25-44 age group. This suggests a significant proportion of potential newly forming younger person households in the next 5 years in Gravesham. However, the survey does not identify the certainty with which these new households are likely to form, so it cannot provide any indication of perceived barriers or challenges to achieving this new household formation i.e. affordability or appropriate stock availability

- **Black and Minority Ethnic Groups** – Ethnic diversity in Gravesham has increased between the 2001 and 2011 Censuses, supported by the influence of international migration to population growth. 2011 Census data shows that minority (non-white) ethnic groups made up approximately 17% of the Gravesham population, which is higher than the national (15%), South East (9%) and Kent (6%) average. It is also higher than all of the comparable Kent authorities, including those in Gravesham's HMA.

  Over the ten year period from 2001 – 2011 Gravesham saw a 7% reduction in the white population as a proportion of total population, and 1 – 2% increases in each of the other ethnic groups. This shows similarity with comparator areas at the national, regional and local scale, particularly with the national trend for England and the Housing Market Area trends in Dartford and Medway.

  Increasing diversity could have housing implications, particularly affecting size requirements considering the propensity for multi-generational households within certain ethnic minority groups

  In terms of household composition the largest proportion for all ethnic groups is for one family only, which would suggest that all ethnic groups are likely to drive demand for family housing. However, this demand may be more pronounced from the White, Asian/Asian British and Black/African/Caribbean/Black British groups. Demand for smaller units is more likely from Mixed/Multiple Ethnic Groups and white groups, who have higher proportions of one person households.

  In terms of stock type the largest proportions for all groups are for semi-detached properties and terraced properties. Mixed/Multiple Ethnic Groups and Black/African/Caribbean/Black British groups have comparatively low proportions of

households living in detached stock, and comparatively high proportions of households living in flats/maisonettes/apartments (along with the Other Ethnic Group).

In terms of stock tenure, ownership and shared ownership is highest in the Asian/Asian British and White groups, social renting is fairly comparable across all ethnic groups (with the exception of the Asian/Asian British groups which has a lower proportion), and the highest proportions of private renting and living rent free are for Other Ethnic Group, Black/African/Caribbean/Black British, and Mixed/Multiple Ethnic Groups

Considering the difficulties in projecting forward Gravesham's ethnic composition by household composition, stock type and tenure, it should be assumed that this will follow a similar distribution as identified in the 2011 Census. There is no robust policy basis for assuming substantial variation from this current evidence.

HNS analysis suggests that compared to all Gravesham households, BME households may be larger in size, contain more children, have a greater tendency towards accommodating multiple generations and may also be overcrowded (in relation to required bedroom numbers). Affordability issues could be preventing households from accessing properties that meet their size requirements, and/or the formation of households, however this can also reflect the propensity of certain ethnic groups for large, multi-generational households. In light of this analysis, potential approaches to increasing BME group access to affordable and more appropriately sized homes should be considered, and explored in further detail.

- **Rural Households** are considered through quantitative analysis of secondary 2011 Census data and qualitative analysis of primary HNS data. Households are defined as being rural when located within the main rural wards of Higham, Istead Rise, Meopham North, Meopham South and Vigo, and Shorne, Cobham and Luddesdown, constituting 20% of the total number of households in the Borough (as recorded in the 2011 Census), and 18.4% of the total HNS sample.

  The highest proportion of rural households live in 3 bedroom properties. Compared to urban households, rural households have a lower proportion of smaller 1 and 2 bedroom properties and a higher proportion of larger 4 and 5+ bedroom properties. This variation in stock suggests there may be some difficulty for current households in accessing smaller properties in rural parts of the Borough. This could inform a future policy focus on increasing the proportion of smaller units in the rural wards, which may also improve rural affordability, where larger properties are generally most expensive (although this is also influenced by factors such as stock age, condition and type).

  There is a significantly higher proportion of home ownership in Gravesham's rural wards, and a significantly lower proportion of social renting and private renting. Considering

this, Gravesham's housing strategy over the remaining Local Plan period should support the delivery of all forms of rental tenure and affordable housing options in the rural parts of the Borough, to increase the diversity of rural housing choice, which is also likely to improve affordability in the rural parts of the Borough.

Detached stock is most prevalent in Gravesham's rural wards, significantly higher than the proportion in urban wards. The proportion of semi-detached stock is comparable in rural and urban areas, and the proportion of terraced and flatted stock in rural areas is substantially below that in urban areas. This should also be considered in Gravesham's housing strategy over the remaining Local Plan period. Focus could be placed on improving the diversity of rural stock type by increasing the proportion of terraced and flatted stock, and encouraging this in new development alongside any traditional detached and semi-detached developments. This could help to improve the accessibility and affordability of Gravesham's rural areas to all ages, types and sizes of household.

Considering the qualitative analysis of the HNS, compared to urban respondents, there is a higher proportion of detached, semi-detached and bungalow stock occupied by rural survey respondents, lower proportions of private and council renting, and a higher proportion of 4 bedroom stock. Rural respondents seemed happier with the adequacy of their current home than urban respondents. Whilst the reliability of this analysis must be caveated by the relatively small sample size on which it is based, it suggests potential rural specific considerations for the Council, such as delivering more terraced and flatted stock to offer more stock variation and affordable choice, and focussing more on delivering smaller stock (1-3 bedrooms)/controlling the delivery of 4 bedroom units to balance the size distribution.

Slightly fewer rural respondents indicated they receive no help with their housing costs (rent/mortgage) compared to urban respondents, however fewer rural respondents rely fully or partially on Housing Benefit to meet their housing costs. This does not provide any clear understanding of affordability in rural or urban areas. However, rural respondents indicated much less concern about meeting their housing costs compared to urban residents. This suggests that affordability may be a less acute issue for rural households in Gravesham, compared to urban households.

9.54 Due to a lack of robust available data there are certain specific groups that have not been reviewed in this assessment, but are important to identify as they may require consideration in relation to future specific housing requirements. These groups include gypsies and travellers, and self-build groups.

- **Gypsies and Travellers** – This group does not have a significant influence on Gravesham's housing requirements. The needs of Gypsies and Travellers is considered in the Gravesham Traveller Accommodation Assessment (2013) produced by the Salford Housing & Urban Studies Unit.

- **Self-build / Custom build groups** – This group is difficult to quantify. Gravesham Borough Council does not currently operate a clear policy to promote self-build, or hold its own register of interest for this type of housing. However, it acknowledges that to date, opportunities for self-build in the Borough have focussed on small infill development and windfall opportunities in the urban area and rural settlements, which will continue to be supported by the Council over the remaining Local Plan period.

  Based on BuildStore data from the Custom Build Register, it is approximated that there are currently 203 people who have registered their interest to custom build in the Gravesham Local Authority area. Whilst this is a small share of the overall housing market, it is reasonable to expect that demand may increase over the remaining Local Plan period (as a result of increasing affordability pressures, national growth in the sector, and increasing government support).

  Gravesham Borough Council should consider the appropriate policy approach to support the growth of this sector in the Borough. This could relate specifically to the continued support for small windfall and infill development opportunities, and the designation of appropriate sites to facilitate this. This should be accompanied by an understanding and active monitoring of those registering their interest in custom build through the BuildStore website, which could be accompanied by the Council setting up and managing their own register of interest.

Future Monitoring

9.55 In order for the findings of the assessment to continue to inform and help shape policy, it will be necessary for Gravesham Borough Council to monitor changes in the housing market and the underlying demographic, economic and market drivers examined in this assessment. Changes to the assumptions will have an impact on the projections of objectively assessed need and affordable housing requirements

9.56 The figures presented within this report are based upon up-to-date data and information, largely utilising the 2011 Census, which is the most comprehensive and reliable recent data available. Evidence of marked deviation from the future trends and assumptions presented will need to be taken into account in the development of strategy and policy approaches.

9.57 This SHMA has also utilised a range of other secondary data sources. This information will continue to be refined and updated by data providers such as the ONS, CLG, CACI, Zoopla and Land Registry. The use of secondary data sources makes monitoring a simpler process with a regular update examining changing trends constituting an important exercise for Gravesham Borough Council.

Appendix I

Affordable Housing Requirement Calculations: 30% affordability for 75% LTV mortgage house purchase and 2&3 bedroom Affordable Rent

Table 97 - Affordable Housing Requirement Calculations (affordability threshold of 30% household income housing spend for 75% LTV mortgage house purchase and 2&3 bedroom affordable rent)

Step	Comments	Projection Period (2012–2037)	Plan Period (2014-28)	Annual	Source
Step 1 – *Current* Housing Need					
1.1 Homeless households and those in temporary accommodation	Assumed picked up in waiting lists	0	0	0	Identified from Gravesham Borough Council (GBC) housing register (excluding transfers)
1.2 Overcrowded and concealed households	Assume that households in need will register on waiting lists	0	0	0	Identified from GBC housing register (excluding transfers)
1.3 Other groups	Households on waiting list excluding transfers	3,379	1,124	80	GBC housing register **excluding transfers** (as of March 2015). Assumed that full need is addressed over plan period.
1.4 Total current housing need (gross backlog)	**1.1 + 1.2 + 1.3**	**2,007**	**1,124**	**80**	**BGVA Calculated**
Step 2 – *Future* Housing Need					
2.1 New Household formation (gross)	Projected household growth figure from OAN calculation	11,625	6,510	465	OAN household growth figure based on average long term migration scenario from Section 4 (based on latest household projections updated with 2013 and 2014 MYE, and long term migration with partial adjustment to take account of UPC)
2.2 Proportion of newly emerging households unable to buy or rent	Those unable to buy at LQ Prices or Rent Privately without Housing Benefit	43%	43%	43%	BGVA calculated from CACI Paycheck (Household Income), ONS (Private Rental Costs) and DCLG (LQ House Prices)
	Households falling into need and housed per annum	4,730	2,649	189	
2.3 Existing households falling into need	Households falling into need and housed per annum	9,800	5,488	392	CORE Data **three year** average of total new general needs and supported housing lettings that were not existing affordable tenants (3 year average from 2011-12 to 2013-14)
2.4 Total newly arising housing need	**(2.1 x 2.2) + 2.3**	**14,799**	**8,287**	**592**	**BGVA calculated**

Step 3 – *Future* Affordable Housing Supply					
3.1 Affordable dwellings occupied by households in need	Assume zero	0	0	0	Transfers are excluded from Stages 1, 2 and 3 as they release supply of housing, having a net nil effect
3.2 Surplus stock	Current vacant stock that could be brought back into use	146	82	6	Provided by GBC - based on empty and void properties (for 6+ months) which are likely to be brought back into use
3.3 Committed supply of new affordable housing	Pipeline supply through planning system	1,500	840	60	GBC data - Affordable housing commitments from schemes with completion ranging from 2015 - 2026. 11 year annual average calculated (2015 - 2026). Data caveat: figures include sites that have been permitted subject to S.106 and other matters being agreed.
3.4 Units to be taken out of management	Housing currently let which is due to be demolished or refurbished	0	0	0	GBC indicates there are no demolitions or refurbishments of currently let stock which is unlikely to be brought back into use. Right to Buy sales are not included here as there is no LA requirement to rehouse these households.
3.5 Total new affordable housing stock available	**3.1 + 3.2 + 3.3 - 3.4**	**1,646**	**922**	**66**	**BGVA Calculated**
3.6 Supply of social re-lets (net)	LA and HA sector re-lets (general and supported needs) excluding transfers	7,450	4,172	298	CORE Data three year average relets (social lettings and affordable rent for LAs and PRPs for general and supported needs). Taken as predicted annual levels in line with guidance (3 year average from 2011-12 to 2013-14).
3.7 Supply of intermediate affordable housing for re-let or re-sale at sub-market levels	3% turnover of shared ownership properties being taken up by new tenants	229	128	9	BGVA calculated based on applying 3% turnover to 2011 Census data (305 shared ownership households recorded)
3.8 Future supply from existing affordable housing	**3.6 + 3.7**	**7,679**	**4,300**	**307**	**BGVA Calculated**

Table 98 – Total Affordable and Net Affordable Housing Need

Step 4 – *Bringing the Evidence Together*					
4.1 Total Affordable Housing Need	**1.4 + 2.4 – 3.5**	**15,159**	**8,489**	**606**	**BGVA calculated**
4.2 Net Affordable Housing Need	**4.1 – 3.8**	**7,481**	**4,189**	**299**	**BGVA calculated**

Appendix II
Affordability of Intermediate Dwellings: Additional Analysis

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Affordability of Intermediate Dwellings: Additional Analysis

Replicating the analysis of the affordability of intermediate dwellings set out in Section 7, this additional analysis considers the affordability based on the assumption of accessing Lower Quartile market housing with a 75% LTV ratio mortgage, 25 year repayment period and 4% interest rate, alongside the Lower Quartile average market rent for 2&3 bedroom properties from earlier analysis.

This shows that the actual cost for these properties ranges from approximately £7,230 - £7,902 per annum, as shown below in Table 99.

This means that minimum household earnings of £24,100- £26,340 per annum or above are required to access this type of intermediate housing. The need for a deposit, credit ratings and moving costs may prohibit some households accessing this tenure, even at this level of income.

Table 99 - Cost of Intermediate Affordable Housing in Gravesham (for property with LQ £145,000 market value)

Equity Share	Equity Value	Loan Amount (75% LTV ratio)	Monthly Mortgage Repayment Costs	Annual Mortgage Repayment Costs
25%	£36,250	£27,188	£144	**£1,728**
50%	£72,500	£54,375	£287	**£3,444**
75%	£108,750	£81,563	£431	**£5,172**

Rental Proportion	LQ Monthly Market Rent	Monthly Rental Costs	Annual Rental Cost	Total Annual Housing Costs (Mortgage and Rental)	Required Earnings to assume Affordable (up to 30% of household income
75%	£686	£515	£6,174	**£7,902**	**£26,340**
50%	£686	£343	£4,116	**£7,560**	**£25,200**
25%	£686	£172	£2,058	**£7,230**	**£24,100**

Source: CACI, Money Advice Service, BGVA, 2015

Comparing this to the income profile of residents in Gravesham, this suggests that approximately 43.2% - 51.4% of households could not afford a 25%, 50% or 75% equity share in a lower quartile value property. This indicates that the intermediate housing market does not create a significant opening of the housing market to households who would otherwise not be able to purchase their own property outright.

The affordability of shared ownership can also be considered by demonstrating the income levels required to access shared ownership for 25%, 50% and 75% equity shares, with assumed 2.85% rental charges on remaining unsold equity (based on the typical rent on unsold equity identified

by a UK housing association Two Rivers Housing[112]. This is shown for maximum household income spend levels of 25%, 30% and 35% in Table 63, Table 64 and Table 65.

Under the assumption of spending up to 25% of household income on housing (Table 63), shared ownership with a 25% equity share would require an annual income of £19,310. A 50% equity share would require an annual income of £22,041. A 75% equity share would require an annual income of £24,821.

Therefore, 66% of households can afford 25% equity share intermediate housing, and 58% of households can afford 50% and 75% equity share intermediate housing.

[112] http://www.tworivershousing.org.uk/custom-content/uploads/2015/02/Shared-Ownership-a-guide.pdf

Table 100 - Sensitivity 1c: Income Levels Required to Access Shared Ownership with Maximum Spend of 25% of Household Income

	Intermediate (25% equity share)	Intermediate (50% equity share)	Intermediate (75% equity share)
Annual mortgage repayment costs	£1,728	£3,444	£5,172
Monthly mortgage repayment costs	144	287	431
Value of remaining unsold equity	£108,750	£72,500	£36,250
Rental charge at 2.85% of unsold value - Annual cost	£3,099.38	£2,066.25	£1,033.13
Rental charge at 2.85% of unsold value - Monthly cost	£258.28	£172.19	£86.09
Total annual housing payment	£4,827.38	£5,510.25	£6,205.13
Total monthly housing payment	£402.28	£459.19	£517.09
Max. percentage of income	25%	25%	25%
Required annual income	**£19,309.50**	**£22,041.00**	**£24,820.50**
Required monthly income	**£1,609.13**	**£1,836.75**	**£2,068.38**
CACI household income band which contains 'required annual income'	£15,000 - £20,000	£20,000 - £25,000	£20,000 - £25,000
Number of Households within and below income band	36,521	46,163	46,163
Total number of Households	108,654	108,654	108,654
% of households who cannot afford annual payment	**34%**	**42%**	**42%**

Under the assumption of spending up to 30% of household income on housing (Table 64), shared ownership with a 25% equity share would require an annual income of £15,171. A 50% equity share would require an annual income of £16,568. A 75% equity share would require an annual income of £18,004.

Therefore, 66% of households can afford 25%, 50% and 75% equity share intermediate housing.

Table 101 - Sensitivity 2c: Income Levels Required to Access Shared Ownership with Maximum Spend of 30% of Household Income

	Intermediate (25% equity share)	Intermediate (50% equity share)	Intermediate (75% equity share)
Annual mortgage repayment costs	£1,452	£2,904	£4,368
Monthly mortgage repayment costs	121	242	364
Value of remaining unsold equity	£108,750	£72,500	£36,250
Rental charge at 2.85% of unsold value - Annual cost	£3,099.38	£2,066.25	£1,033.13
Rental charge at 2.85% of unsold value - Monthly cost	£258.28	£172.19	£86.09
Total annual housing payment	£4,551.38	£4,970.25	£5,401.13
Total monthly housing payment	£379.28	£414.19	£450.09
Max. percentage of income	30%	30%	30%
Required annual income	**£15,171.25**	**£16,567.50**	**£18,003.75**
Required monthly income	**£1,264.27**	**£1,380.63**	**£1,500.31**
CACI household income band which contains 'required annual income'	£15,000 - £20,000	£15,000 - £20,000	£15,000 - £20,000
Number of Households within and below income band	36,521	36,521	36,521
Total number of Households	108,654	108,654	108,654
% of households who cannot afford annual payment	**34%**	**34%**	**34%**

Under the assumption of spending up to 35% of household income on housing (Table 65), shared ownership with a 25% equity share would require an annual income of £13,004. A 50% equity share would require an annual income of £14,201. A 75% equity share would require an annual income of £15,432.

Therefore, 77% of households can afford 25% and 50% equity share intermediate housing and 66% of households can afford 75% equity share intermediate housing.

Table 102 - Sensitivity 3c: Income Levels Required to Access Shared Ownership with Maximum Spend of 35% Household Income

	Intermediate (25% equity share)	Intermediate (50% equity share)	Intermediate (75% equity share)
Annual mortgage repayment costs	£1,452	£2,904	£4,368
Monthly mortgage repayment costs	121	242	364
Value of remaining unsold equity	£108,750	£72,500	£36,250
Rental charge at 2.85% of unsold value - Annual cost	£3,099.38	£2,066.25	£1,033.13
Rental charge at 2.85% of unsold value - Monthly cost	£258.28	£172.19	£86.09
Total annual housing payment	£4,551.38	£4,970.25	£5,401.13
Total monthly housing payment	£379.28	£414.19	£450.09
Max. percentage of income	35%	35%	35%
Required annual income	**£13,003.93**	**£14,200.71**	**£15,431.79**
Required monthly income	**£1,083.66**	**£1,183.39**	**£1,285.98**
CACI household income band which contains 'required annual income'	£10,000 - £15,000	£10,000 - £15,000	£15,000 - £20,000
Number of Households within and below income band	24,928	24,928	36,521
Total number of Households	108,654	108,654	108,654
% of households who cannot afford annual payment	**23%**	**23%**	**34%**

Overall the evidence suggests some potential for intermediate forms of affordable housing to contribute towards meeting housing needs in Gravesham, however there are limitations to this potential. With a maximum spend of 30% of household income on housing, 66% of households could afford shared ownership for 25%, 50% and 75% equity share levels, leaving 34% of household who would still be unable to access housing through a shared ownership product.

Appendix III
2015 Gravesham Housing Needs Survey: Analysis Report

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Introduction

1.1 In February 2015 NEMS Market Research Ltd., a registered member of the Market Research Society (MRS), was commissioned by Gravesham Borough Council to carry out the 2015 Gravesham Housing Needs Survey. This formed past of the Strategic Housing and Economic Needs Assessment being undertaken jointly by Gravesham Borough Council and Medway Council.

1.2 The Survey was designed to understand the housing needs across the Gravesham Borough authority area, to feed into Gravesham's Strategic Housing Market Assessment (SHMA). The Survey utilised a 'mixed-methodology approach', with the majority of interviews being conducted over the phone (approximately 80%), supplemented by face-to face interviewing (approximately 20%). This was in order to overcome, as far as possible, the limitations associated with telephone surveys in reaching three key groups; private renters, BME groups and student households. To counter this, door to door interviews were targeted in specific areas of the authority area known for a prevalence of these groups.

1.3 A total of 499 interviews were distributed across the 18 Gravesham Borough wards, using a weighted sampling approach. This replicates the demographic profile of the authority area.

1.4 The analysis of the data collected from these 499 respondents should consist of a sample which is broadly representative of the wider authority area. Trends identified from the data should therefore reflect trends which would be observed across the wider population. Identified issues, and resultant future focus areas/recommendations drawn out in the SHMA Report, should therefore be generally applicable to the whole Gravesham Borough.

1.5 This Report brings together the key findings from the Gravesham HNS, which support and feed into the SHMA analysis. It focuses on the following key areas:

- **General Housing Needs**
- **Moving Aspirations**
- **Affordability**
- **Emerging Households**
- **Disability, Adaptations & Care**
- **Older People**
- **BME Households**

- **Rural Households**

1.6 It should be noted that much of the analysis in this appendix report is based on a small minority of residents who indicated they have specific housing needs (i.e. those households that include a disabled person, those who feel their house is not adequate etc). Small sample sizes reduce the reliability of data, since the responses of a small number of interviewees can influence overall trends. Whilst meaningful trends can be identified from the data to inform potential areas of focus and recommendations for Gravesham Borough Council going forward, this sample size caveat must be applied.

Sample

1.7 As indicated above, the total sample size in Gravesham was 499 people. Of the respondents, 44.74% were male, 55.26% were female.

1.8 The following tables show the composition of the interview sample in terms of population age group, stock type, stock size and stock tenure. These have been compared to Census results, to illustrate how representative the sample is and where there may be limitations.

Table 103 – Gravesham HNS – Stock Type

Stock Type	%	Census
Detached house	12.18%	9.77%
Semi-detached house	38.68%	30.91%
Terraced / Town house	34.19%	35.61%
Bungalow	7.27%	n/a
Flat / Maisonette / Apartment	7.43%	23.72%
Mobile/park home, Caravan or Temporary Structure	0.26%	0.12%
Other (PLEASE WRITE IN)	0.00%	n/a

1.9 The following tables show the composition of the interview sample in terms of population age group, stock type, stock size and stock tenure. These have been compared to Census results, to illustrate how representative the sample is and where there may be limitations.

1.10 Table **103Table 103** above shows an over representation of households living in detached and semi-detached stock. The proportion of terraced stock is approximately in line with Census data. It should be noted that the Census data does not have a separate category for 'bungalow, which are instead incorporated within the detached house category. The survey significantly underrepresents households living in flat/maisonette/apartment stock, accounting for c.7.4% of the interview sample, compared with 23.7% of the Census proportion.

Table 104 – Gravesham HNS – Stock Size

Number of Bedrooms	%	Census
Bedsit / Studio	0.38%	0.26%
1	5.24%	12.06%
2	13.66%	23.58%
3	54.72%	47.35%
4	20.76%	13.19%
5 or more	4.80%	3.56%
(Refused)	0.44%	0.00%

1.11 **Table 104** above shows that households living in smaller houses (with 1 or 2 bedrooms) were under represented in the survey sample (with a total of 18.9% compared to 35.64%), whilst those in larger houses (with 3 - 5+ bedrooms) were over represented (with a total of 80.28% compared to 64.1%).

Table 105 – Gravesham HNS – Stock Tenure

Stock Tenure	%	Census
Owned with a mortgage by a household member(s)	36.22%	30.69%
Owned outright by a household member(s)	35.40%	33.86%
Rented privately	11.72%	16.14%
Rented from the Council	13.52%	13.92%
Rented from a Housing Association/ Registered Social Landlord	2.04%	3.41%
Shared Ownership, Shared Equity, Discounted for Sale, Low Cost Home Ownership	0.76%	0.75%
Tied to a job (accommodation provided as part of one's job)	0.21%	0.17%
Other (PLEASE WRITE IN)	0.00%	1.05%
(Refused)	0.14%	30.69%

1.12 **Table 105** above shows that those who own their property with a mortgage by a household member, and who own their property outright, were slightly over-represented in the Survey compared to the Census distribution (with a total of 71.62% compared to 64.55%). Those that privately rent their property were marginally underrepresented (with 11.72% compared to 16.14%).

General Housing Needs

1.13 This section summarises the responses to questions concerning the general housing needs of respondents. This includes whether they feel their home is suitable and adequate, and whether they have a need to move.

1.14 This analysis facilitates an understanding of the Gravesham housing market and whether the Borough's current stock is meeting the needs of its households. This type of qualitative data is insightful, as it is not something which can be gained from the secondary data used to inform the SHMA.

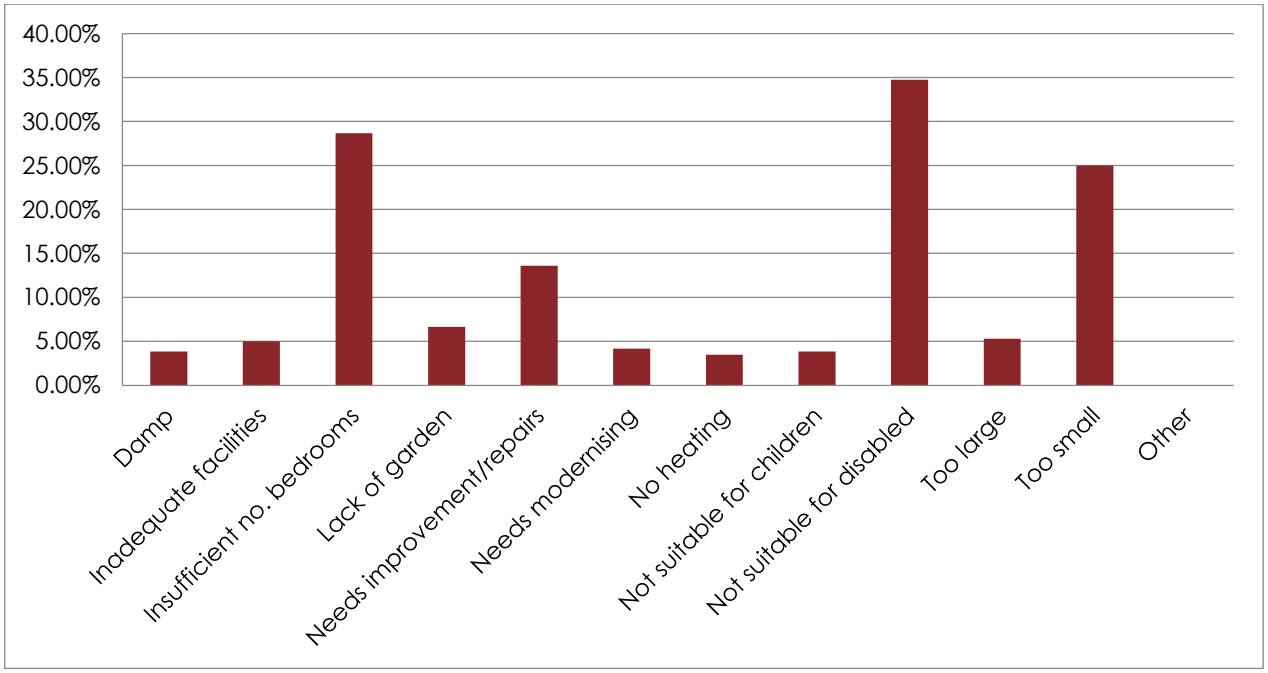
Suitability

1.15 When asked whether their home is suitable for their needs, 94.3% of respondents feel that it is. The remaining 5.7% do not feel this is the case. Therefore, there should be no major issues relating to the suitability of current Gravesham stock for its residents.

Adequacy

1.16 When asked whether their home is adequate for their needs, 94.6% of respondents indicated that it is, and the remaining 5.4% indicated that it is not.

Figure 52 – Reasons why home is inadequate for needs of household



1.17 Respondents who indicated their home is not suitable for the needs of their household were asked to provide reasons why. As shown above in Figure 52, the most commonly

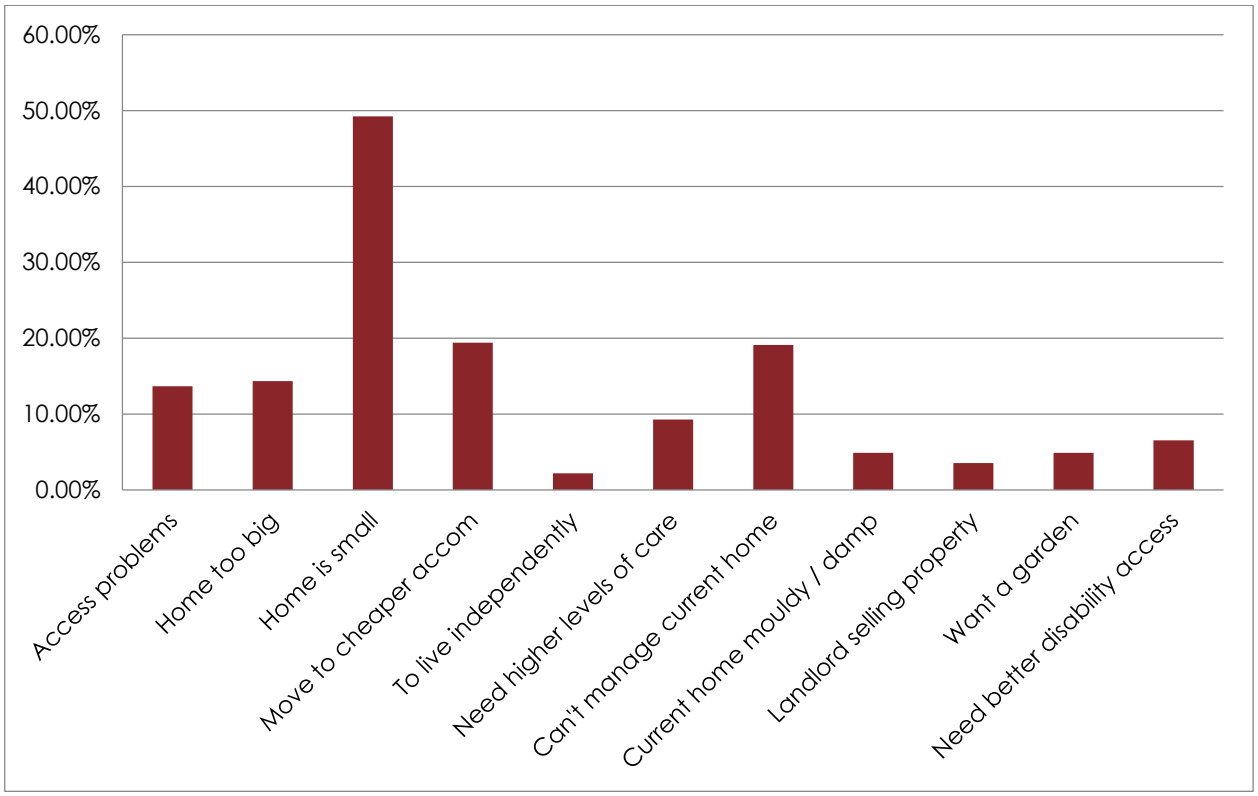
cited reason was 'not suitable for disabled people' (34.7%), followed by an 'insufficient number of bedrooms' (28.7%) and 'house too small' (25.0%). 13.6% of respondents said their home was in need of improvement / repairs.

1.18 This suggests that there may be a misalignment of stock size (in terms of both floorspace and number of bedrooms) to Gravesham residents' needs. This could be due to the size-specific distribution of stock not matching with the size-specific needs of residents. However, it could also reflect under-occupancy and over-occupancy trends.

Needing to Move

1.19 Respondents were asked whether their entire household needs (rather that wants) to move to a different home; 4.7% of respondents replied 'yes' and were asked to provide a reason. **Figure 53** below shows that the most commonly cited reason was 'current home is too small (49.22%). Followed by 'move to cheaper accommodation' (19.39%), 'house too big' (14.34%) and 'access problems' (13.66%)

Figure 53 – Gravesham HNS – Why households need to move home



1.20 The indication of homes being too small or too large compared to respondent's needs, supports the suggestion of overcrowding and under-occupation in Gravesham. This is comparable with the above finding relating to the adequacy of respondent's current home.

1.21 Respondents were then asked when they needed to move. As shown below in Table 106, the vast majority (91%) indicated a need to move in 0-2 years, with the largest proportion (43.6%) needing to move 'now'. This suggests an immediate need for alternative housing which more appropriately suits the respondents' housing requirements, particularly in relation to stock size.

Table 106 – Gravesham HNS – When does your household need to move?

When Need to Move	%
Now	43.60%
Within a year	19.51%
1-2 years	27.89%
3-5 years	0.00%
Over 5 years	9.00%

1.22 Of the 4.7% of respondents indicating their household needs to move (24 respondents), 27.7% of respondents (7 respondents) reported that it was not possible to do so, and provided the following reasons:

- Cannot afford to (other properties too expensive) – 78.45%
- Can't get planning permission – 21.55%
- Lack of accommodation that will accept people on benefits – 16.01%

1.23 Taking this as a representation of a wider trend cross the Borough, it is interpreted that affordability provides the key barrier for households that need to move but are unable to do so. However, this must be caveated by the sample size on which it is based.

1.24 Respondents who stated their entire household needed to move home were asked whether they could afford a home suitable for their needs in the Gravesham Borough. 40.8% stated that they could not and 7.5% replied 'maybe'.

1.25 These components of the analysis provide evidence of affordability pressures acting on Gravesham households, which contributes to the justification of the affordable housing requirement figures set out in the SHMA report. Gravesham Borough Council should consider potential approaches towards addressing affordability issues, particularly through the encouragement of affordable housing delivery.

Moving Aspirations

1.26 As previously discussed, 4.73% of respondents stated that their entire household needs (rather than wants) to move to a different home. These respondents were asked for further information regarding their moving aspirations. Responses are detailed below, however it should be noted that this analysis is based on a small sample size comprising 24 respondents.

Where

1.27 Table 107 below shows that the majority of respondents indicating that their household needs to move (52.1%) wished to move to Gravesend, followed by Dartford (8.9%)

Table 107 – Where likely to move (those whose households need to move)

Where Likely to Move	%
Dartford	8.86%
Gravesend	52.12%
Gravesham	3.55%
Hinckley	5.21%
Northfleet	2.72%
Orpington	2.19%
Walderslade	4.87%
(Don't know / varies)	20.49%

Type of Property

1.28 Table 108 below shows that of the respondents indicating their household needs to move, the highest proportion (30.4%) are likely to move to semi-detached houses, followed by 22.8% to bungalows.

Table 108 – Type of property likely to move to

Type of Property Likely to Move to	%
Semi-detached house	30.35%
Detached house	13.18%
Terraced house	8.42%
Flat / Maisonette / Apartment	0.00%
Bedsit / Studio / Room Only	0.00%
Ground floor property	0.00%
Bungalow	22.79%
Supported housing	0.00%
Other (PLEASE WRITE IN)	0.00%
Caravan or temporary structure	23.08%
(Don't know)	2.19%

Size of Property

1.29 Table 109 below shows that of the respondents indicating their household needs to move, the highest proportion (38.6%) are likely to move to 3 bedroom properties, followed by 22.8% of respondents likely to move to a 1 bedroom property.

Table 109 – Size of Property likely to move to

Size of Property Likely to Move to (no. of bedrooms)	%
1	22.78%
2	19.26%
3	38.61%
4	8.94%
5	6.55%
6	0.00%
7 or more	0.00%
(Don't know)	3.86%

Tenure of Property

1.30 Table 110 below shows that of the respondents indicating their household needs to move, 32.9% are expecting to own / buy a property with a mortgage. 21.3% are expecting to rent from the Council, and 15.5% are expecting to own / buy a property mortgage free.

Table 110 – Tenure of Property likely to move to

Tenure of Property Likely to Move to	%
Own / buy it (with mortgage)	32.91%
Own / buy it (mortgage free)	15.48%
Self-build (with mortgage)	8.86%

Rent from a Housing Association	7.64%
Rent from a landlord / agency	11.67%
Rent from the Council	21.25%
Other	2.19%

1.31 This analysis of moving aspirations, focussing on location, property type, size and tenure, shows that the most sought after types of properties have 1, 2 and 3 bedrooms and are semi-detached, bungalow and detached properties. Surprisingly a high proportion of respondents needing to move also identified a desire to move into a caravan or temporary structure (23.1%). The greatest aspiration in terms of tenure is for private ownership with a mortgage, rather than social renting, private renting or ownership without a mortgage. The location of a future property does not seem to be the key priority, considering the proportion of respondents who indicated they don't know where they are likely to move. However, more than half of the respondents wish to stay local by choosing the Gravesend area.

Affordability

Housing Benefit

1.32 Respondents were asked how their household meets its housing costs, including whether they received any help in meeting them. Table 111 below shows that a total of 11.0% of respondents (55 respondents) receive some help in meeting their housing costs. The majority of help received was in meeting rent through housing benefit; 4.9% had met their rent in full with housing benefit, 5.72% partially met their rent through housing benefit.

Table 111 - Household Costs – help received

When Need to Move	%
Owned outright - no mortgage costs	18.92%
Rent met in full with Housing Benefit	4.94%
Live rent free (e.g. tied accommodation)	0.36%
No help received with rent / mortgage	65.58%
Rent met in part with Housing Benefit	5.72%
Help with mortgage payments (through Benefits Agency)	0.19%
Help with mortgage (family or friends)	0.13%
(Refused)	4.54%

Concern about affordability

1.33 Respondents were asked how concerned they are about their ability to pay their rent or mortgage. The results, detailed below, show that the majority are not concerned (50.1%), or not really concerned (21.4%). 21.08% however, were either fairly or very concerned;

- Very concerned – 4.01%
- Fairly concerned – 17.07%
- Not really concerned – 21.44%
- Not concerned at all – 50.13%
- Refused – 7.35%

Ability to Move

1.34 Respondents who state that their entire households needs to move home were asked whether they could afford a home suitable for their needs in the Gravesham Borough area. 40.8% of respondents indicated that they could not afford this.

1.35 This affordability analysis suggests that affordability pressures are being felt by households in Gravesham, resulting in a certain level of reliance on income support in order to meet housing costs, and the inability to afford to move to a property that is suitable for their needs. This emphasises the importance of future affordable housing delivery in the Borough.

Emerging Households

1.36 Respondents were asked whether any members of their household are likely to set up their own home in the next 5 years. 24.4% responded yes (18.6% expecting one new household to form, 5.4% expecting two new households to form, and 0.4% expecting 3 new households to form). 84.8% of new households were expected to be formed by adult children living at home with their parents.

1.37 The detailed responded relating to emerging households area set out in the tables below.

Age

1.38 Table 112 shows the age of households that respondents indicated are likely to emerge in the next 5 years. The majority of these households are in the 25-44 age bracket (75.8%), followed by the 16-24 age bracket (19.0%).

Table 112 – Age of Emerging Households

Age of Emerging Household	%
16-24	19.04%
25-44	75.79%
45-65	4.60%
66-75	0.00%
75+	0.00%
(Refused)	0.57%

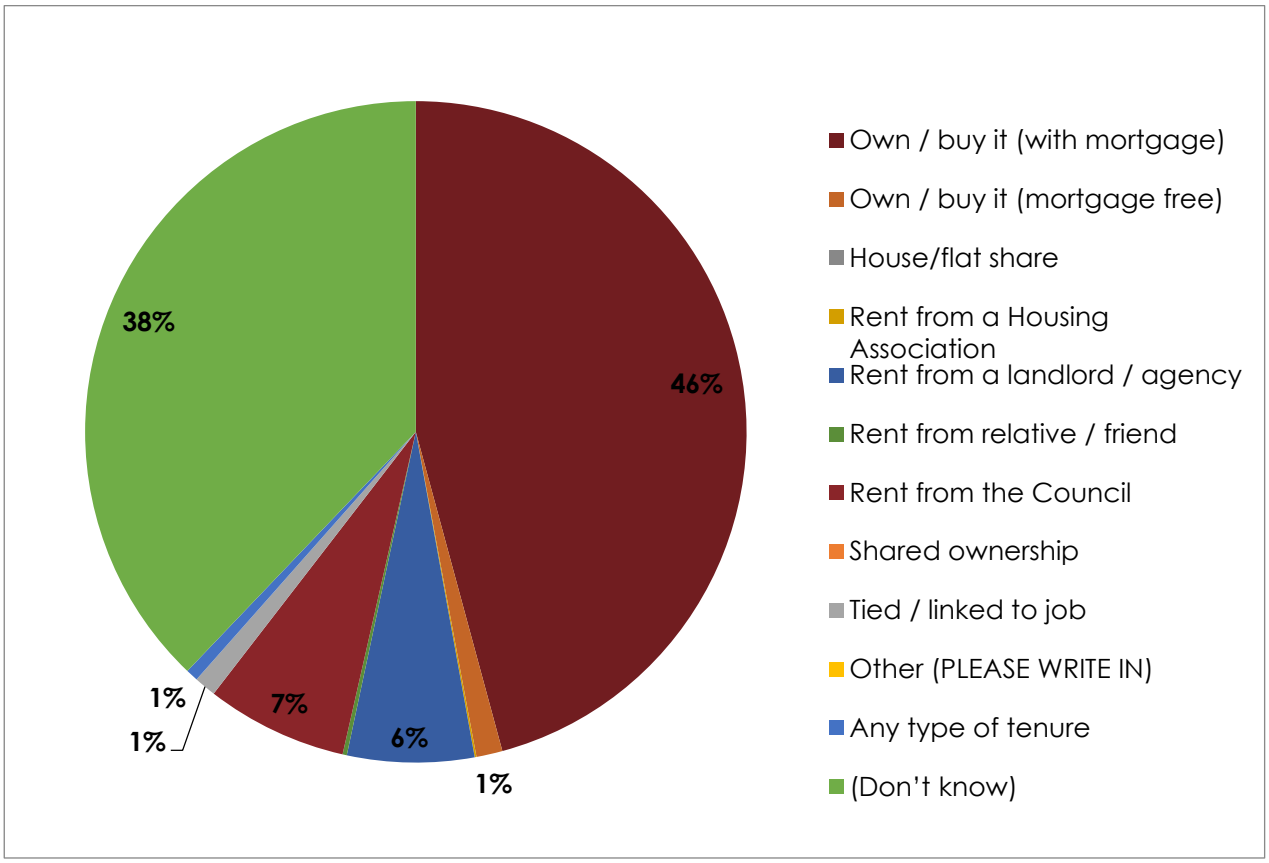
Composition

1.39 In terms of emerging household composition, respondents indicated that the majority of emerging households in the next five years are expected to be either single (26.1%) or couples (28.1%). 10.1% are anticipated to be families, and the remainder indicated they do not know what the composition of the newly forming household will be.

Tenure

1.40 With regards to the likely tenure of emerging households, Figure 54 below demonstrates that respondents indicated the largest proportion of emerging households are expected to own or buy their property with a mortgage (46%). 7% are expected to rent from the Council and 6% privately from a landlord / agency. 38% do not know and 1% stated they are likely to occupy 'any tenure'.

Figure 54 – Emerging Households – Likely tenure



Type of Property

1.41 Table 113 below shows that respondents indicated that the property type for the majority of emerging households is unknown (58.3%). 18.5% are expected to move to a flat/maisonette, 9.6% to a terraced house, and 9.3% to a semi-detached house.

Table 113 – Emerging Households – Type of Property

Emerging Households – Type of Property	%
Semi-detached house	9.31%
Detached house	3.70%
Terraced house	9.58%
Flat / Maisonette	18.53%
Bedsit / Studio / Room Only	0.60%
(Don't know)	58.27%

Size of Property

1.42 Table 114 below shows that the largest proportion of emerging households are likely to need a 2 bedroom property (36.1%). 24.7% are likely to need a 3 bedroom property and

9.11% a one bedroom property. 28.9% do not know what size of property they are likely to need.

Table 114 – Emerging Households – Property Size

Emerging Households – Bedroom No.	%
1	9.11%
2	36.14%
3	24.68%
4	1.23%
5	0.00%
6	0.00%
7 or more	0.00%
(Don't know)	28.84%

Disability, Adaptations and Care

Sample

1.43 20.2% of respondents reported that they or another adult in their household has a long term illness, health problem or disability that limits daily activity or work. 6.6% of respondents said that there is a child (aged 15 or under) in their household within this category.

1.44 As shown below in **Table 115**, the most common adult disability identified by respondents was 'physical disability: not in wheelchair' (48%), followed by 'physical disability: wheelchair user' (16%). This has implications for housing needs in terms of access and adaptations.

Table 115 – Gravesham HNS – Nature of disability - Adult

When Need to Move	%
Physical disability: wheelchair user	16%
Physical disability: not in wheelchair	48%
Learning disability	2%
Mental health problem	7%
Visual Impairment	6%
Hearing Impairment	2%
Arthritis	2%
Breathing / lung problems	5%
Diabetes	2%
Heart problems	5%
Irritable bowel syndrome	1%
Kidney problems	1%
Post-traumatic stress disorder	2%
(Refused)	3%

1.45 As shown below in Table 116, the most common child disability identified by respondents was 'mental health problem' (17%), followed by 'ADHD' (15%). 15% reported a physical disability (6% being wheelchair users, 9% not in a wheelchair). Again, this has implications in terms of adaptations and access.

Table 116 – Gravesham HNS – Nature of disability - Adult

When Need to Move	%
Physical disability: wheelchair user	6%
Physical disability: not in wheelchair	9%
Learning disability	8%
Mental health problem	17%
Other (PLEASE WRITE IN)	6%
ADHD	15%
Asthma	10%
Autism spectrum disorder	6%
Dyspraxia	6%
Joint hypermobility	6%
Oppositional defiant disorder	6%
Reactive attachment disorder	6%

Adaptations and improvements

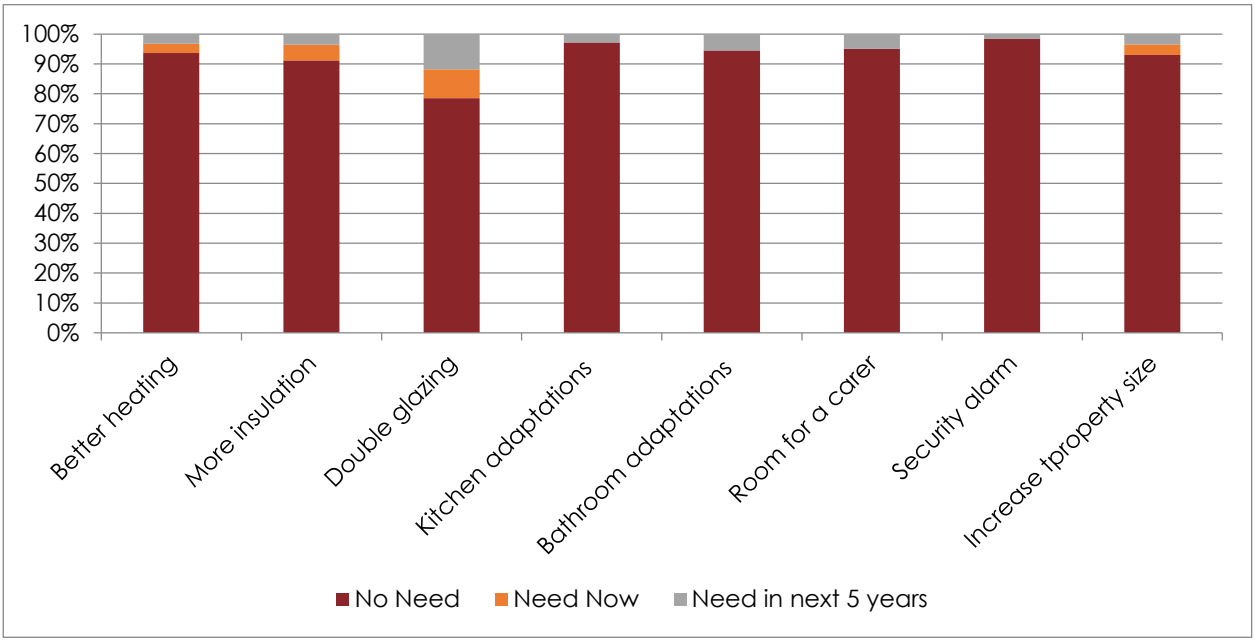
1.46 Of those respondents with a disabled member of the household (adults and/or children), 8.5% (43 respondents) have had their home adapted to accommodate the needs of that member, whilst 0.3% have had their home purpose built. Therefore, the vast majority of households with a disabled member have no special adaptations, indicating a potential unmet housing need.

1.47 All respondents were asked whether they anticipate needing any home improvements/adaptations over the next 5 years. **Figure 55** below shows the details of the requirements identified from these responses. It shows that the majority of respondents do not anticipate any requirements. Amongst those that do, the most common needs are;

- Double glazing (9.6% 'now', 11.9% in the next 5 years)
- More insulation (5.3% 'now', 3.6% in the next 5 years)

1.48 This identifies heating and energy efficiency as one of the key reasons amongst those commonly cited for requiring improvements/adaptations.

Figure 55 – Household needs – next 5 years



Care and assistance

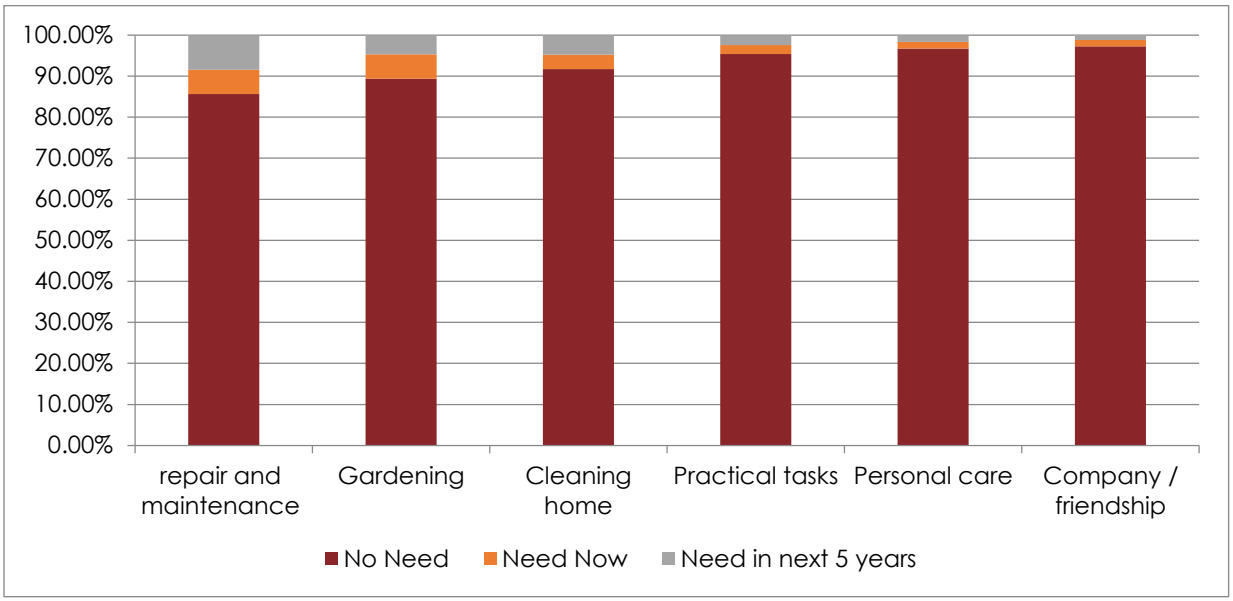
1.49 5.0% of respondents indicated their household has members who require care or support to enable them to stay in their home (25 respondents). Of this proportion, 50% (12 respondents) reported that there is not sufficient space in their home for a carer to stay overnight if this was needed.

1.50 All Respondents were asked whether they anticipate any members of their households requiring assistance/care over the next 5 years. Figure 56 below details the response. It shows that the majority of respondents do not anticipate such requirements. The most common anticipated needs are for practical, rather than social/personal care, as shown below:

- Repairs and maintenance (5.9% 'now', 8.5% in the next 5 years)
- Help with gardening (5.9% 'now', 4.7% in the next 5 years)

1.51 The proportion of households containing one or more members affected by disability suggests there may be implications for the housing needs of these households, particularly in relation to adaptations and improvements/facilitating in-home care.

Figure 56 – Household Needs – next 5 years



Older People

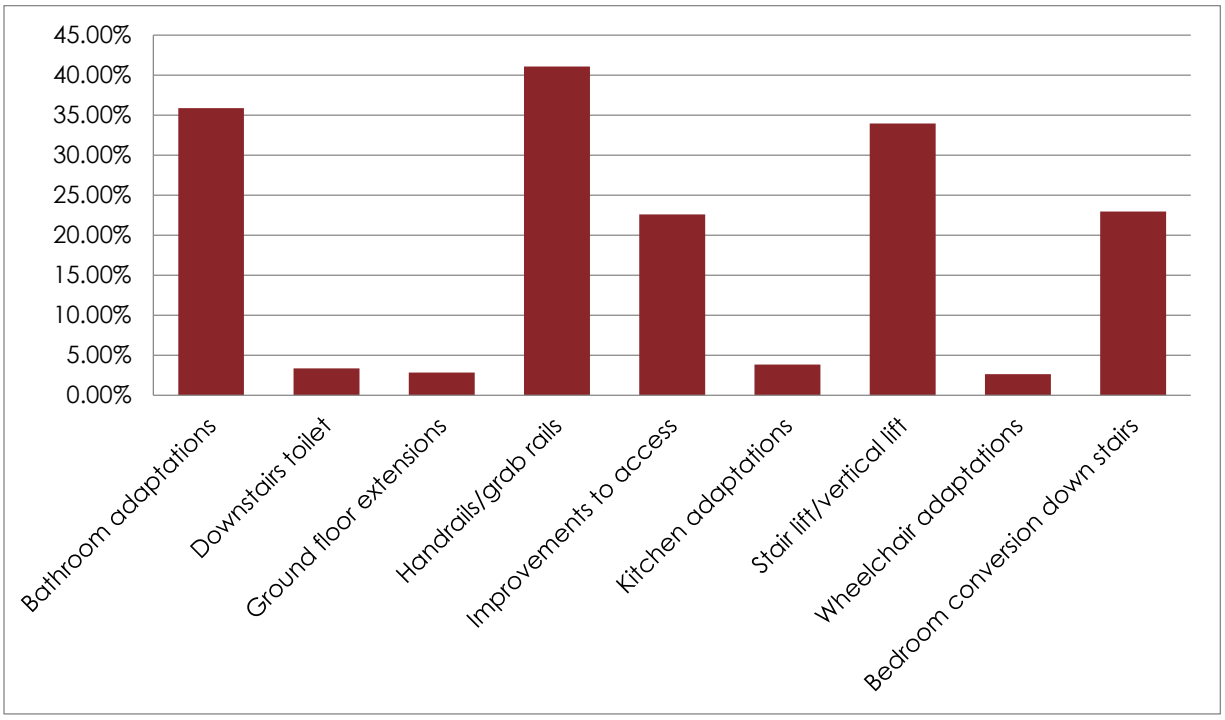
1.52 This section examines the needs of older people. Nationally, there is a trend of an ageing population, making this an important group to consider. Older person households may exhibit particular requirements and needs that require consideration, such as adaptations and support in the home to remain living independently.

Adaptations

1.53 36.9% of respondents (184 respondents) indicated their household includes someone aged 60 or over, a significant proportion of the overall sample. Of these households, 10.9% (20 respondents) lived in homes that had been adapted for a person regarded as being elderly (aged 60+), and 0.3% (1 respondent) live in homes that have been purpose built for this age group. Therefore, the vast majority of households that include at least one older member live in homes with no special adaptations to accommodate the potential needs of this age group. This indicates a possible unmet housing need, which the Council should consider.

1.54 Those respondents who indicated their home has been adapted or purpose built for the elderly, were asked about the kind of adaptations that have taken place. The responses are detailed in **Figure 57** below and show the most common adaptation to be handrails / grab rails (41.1%) followed by bathroom adaptations (35.9%), and stair lift / vertical lift (34.0%). The least common adaptation was wheelchair adaptations (2.4%).

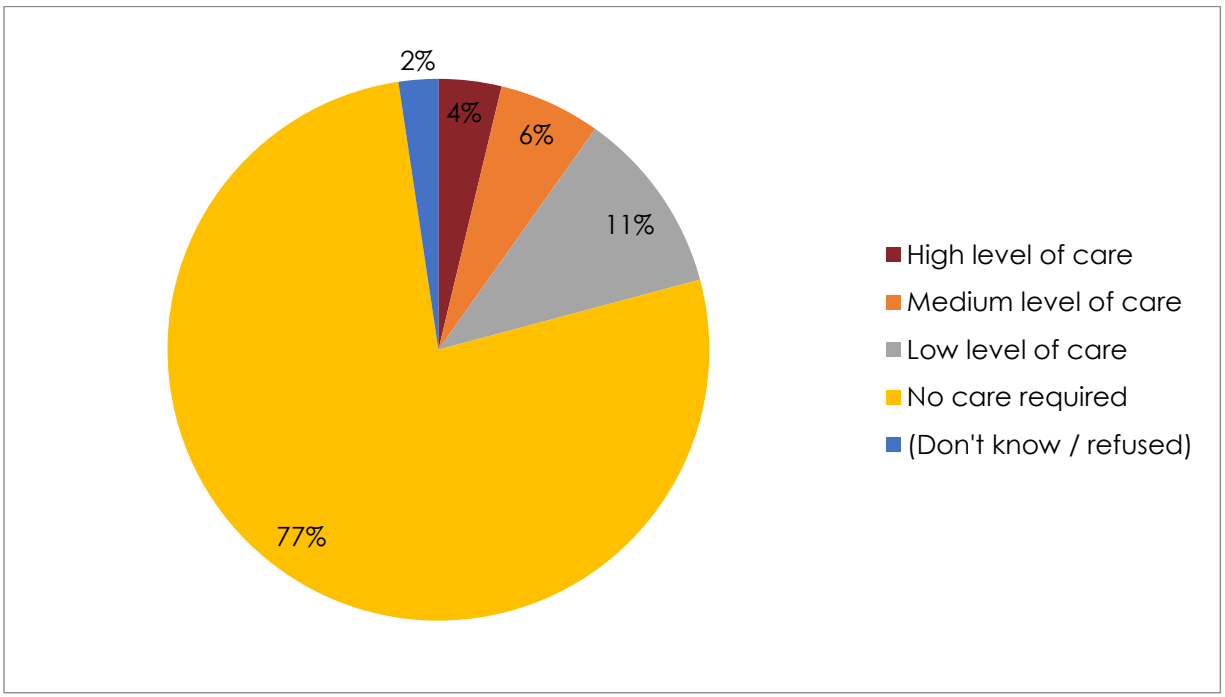
Figure 57 – Housing adaptations for elderly households



Care

1.55 Respondents with household members aged 60+ were asked about the level of care those older members currently require as a result of being regarded as elderly. The majority (77%) indicated there is no care requirement, and only 10% indicated a requirement of medium or high levels of care, as illustrated in Figure 58 below.

Figure 58 – Level of care required as a result of being elderly

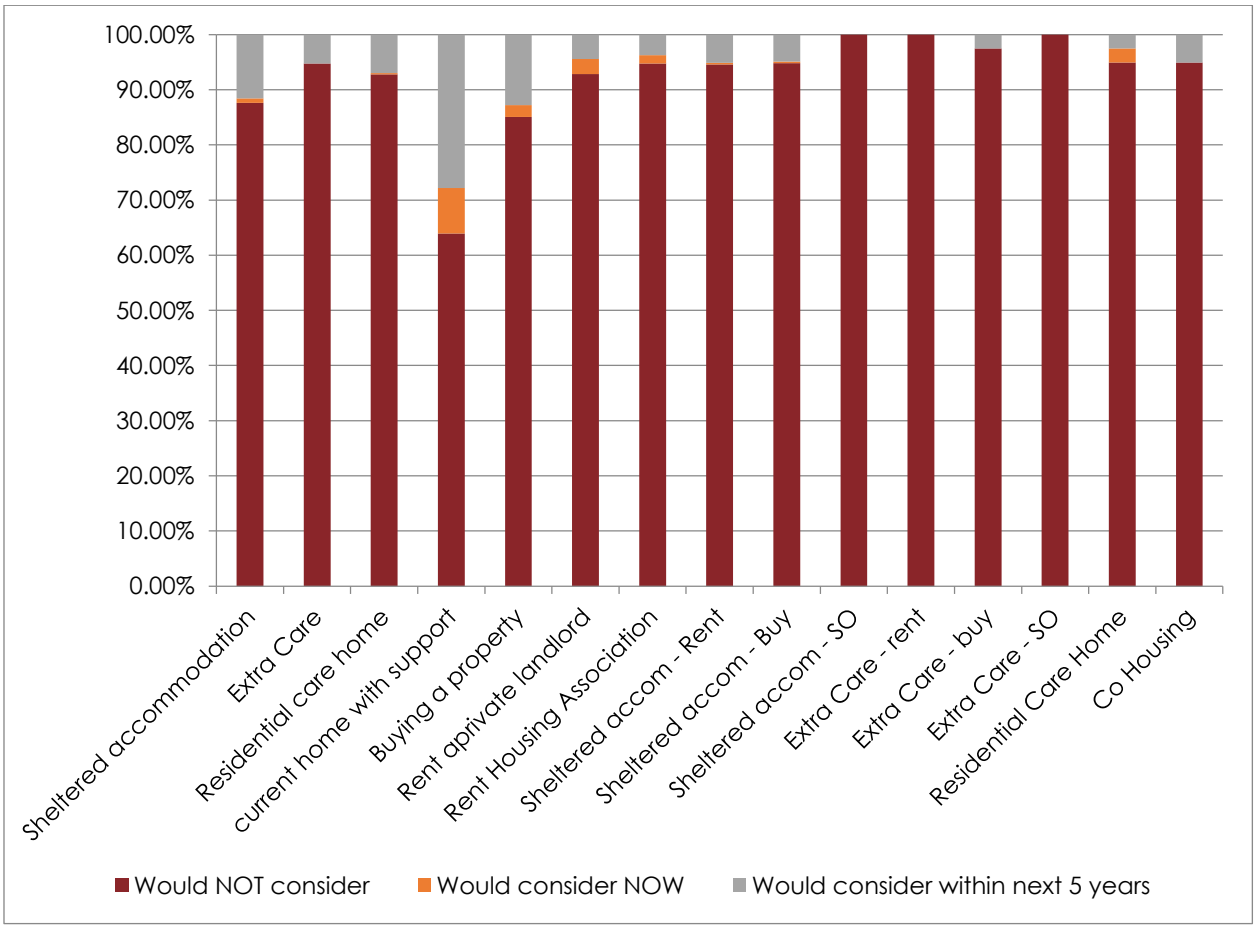


Housing Options

1.56 All respondents were asked which older persons' housing options they would consider, if relevant now or in the next 5 years; the choices were sheltered accommodation, extra care housing, residential care homes, continuing to live in current home with support when needed, buying a property in the open market, renting a property from a private landlord, and renting from a Housing Association. Excluding those who would not consider any of these housing options now or in the next 5 years, 'continuing to live in current home with support when needed' was the most popular option considered by 36.1% of all respondents (180 respondents).

1.57 The results are show in Figure 59 below. By far the most popular option is remaining in current home with support (8.2% would consider this option now, and 27.8% in the next 5 years). The next most popular option was buying a property (2.1% would consider this now, 12.8% within the next 5 years), followed by Sheltered accommodation (0.81% would consider this now, 11.6% within the next 5 years). The least popular option is extra care, in particular rented or shared ownership options, which no respondent would consider.

Figure 59 – Elderly housing options that would consider in next 5 years



1.58 This analysis suggests that elderly residents in Gravesham may prefer to remain in their home with adaptations and/or support, rather than moving into a form of sheltered accommodation or care home. This is something Gravesham Borough Council may need to consider in terms of how this can be reflected and facilitated in future housing delivery.

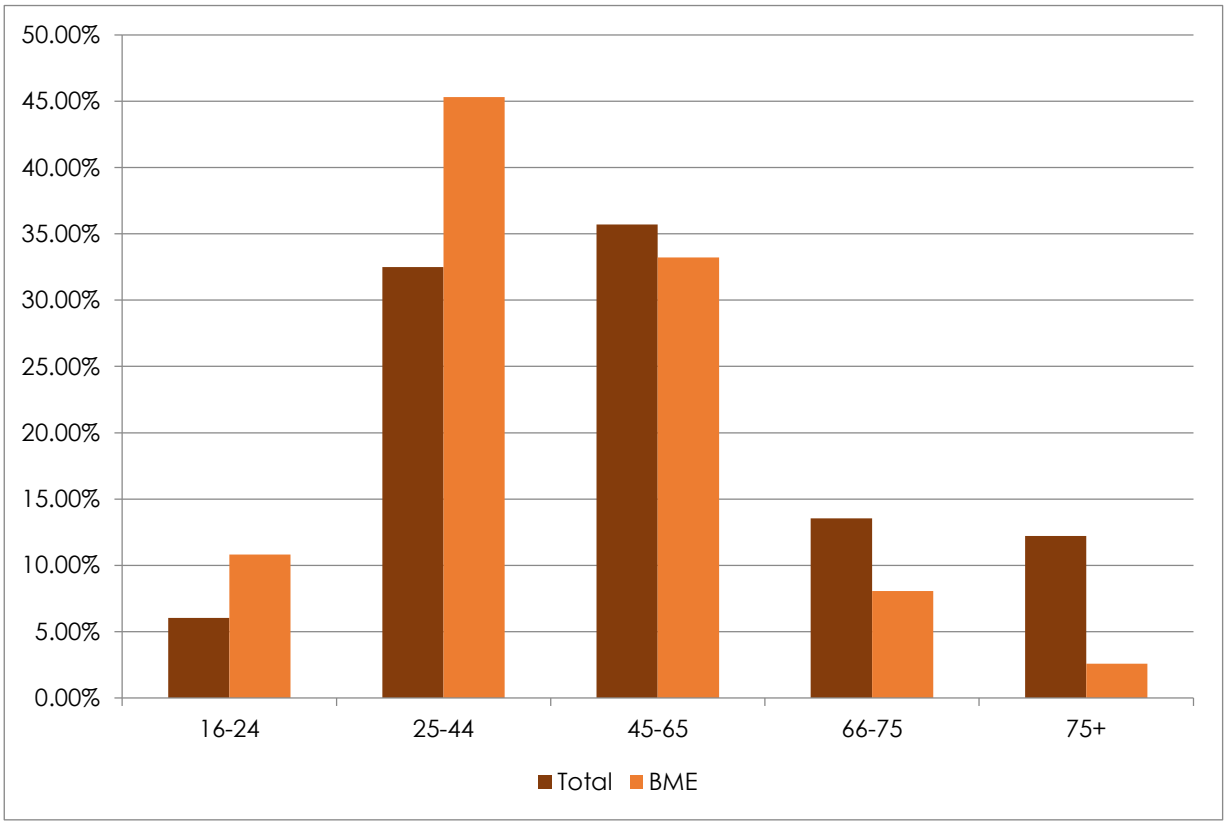
BME Households

1.59 Ethnically focussed analysis of the results has been undertaken by separating respondents classified as BME households (with at least one BME member), and comparing the analysis of these households to overall household trends.

Sample

1.60 Figure 15 below shows that there are a higher proportion of younger age groups within BME households than compared to all ethnic group households in Gravesham. 10.8% of BME households are aged 16-24, compared to 6.0% overall, and 45.3% of BME households are aged 25-44, compared to 32.5% overall. Meanwhile, in the older age brackets, BME households are under-represented.

Figure 15 - Age Group for BME residents and overall

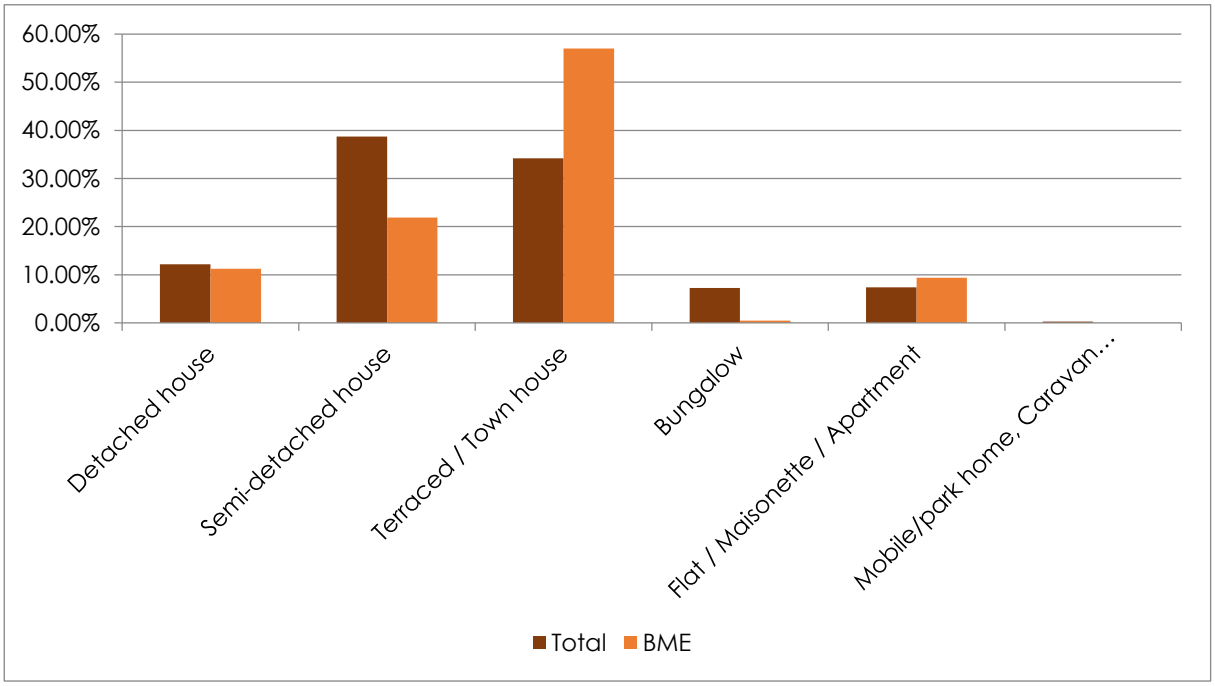


Property Type

1.61 Figure 16 below shows that a higher proportion of respondents in BME households occupy terraced housing, 57.0%, compared to 34.2% of all respondents. Respondents in BME households are also more likely to live in a flat, with 9.4% compared to 7.4%, and less likely

to live in a bungalow, semi-detached house or detached house. This implies that BME households are more likely to live in smaller accommodation.

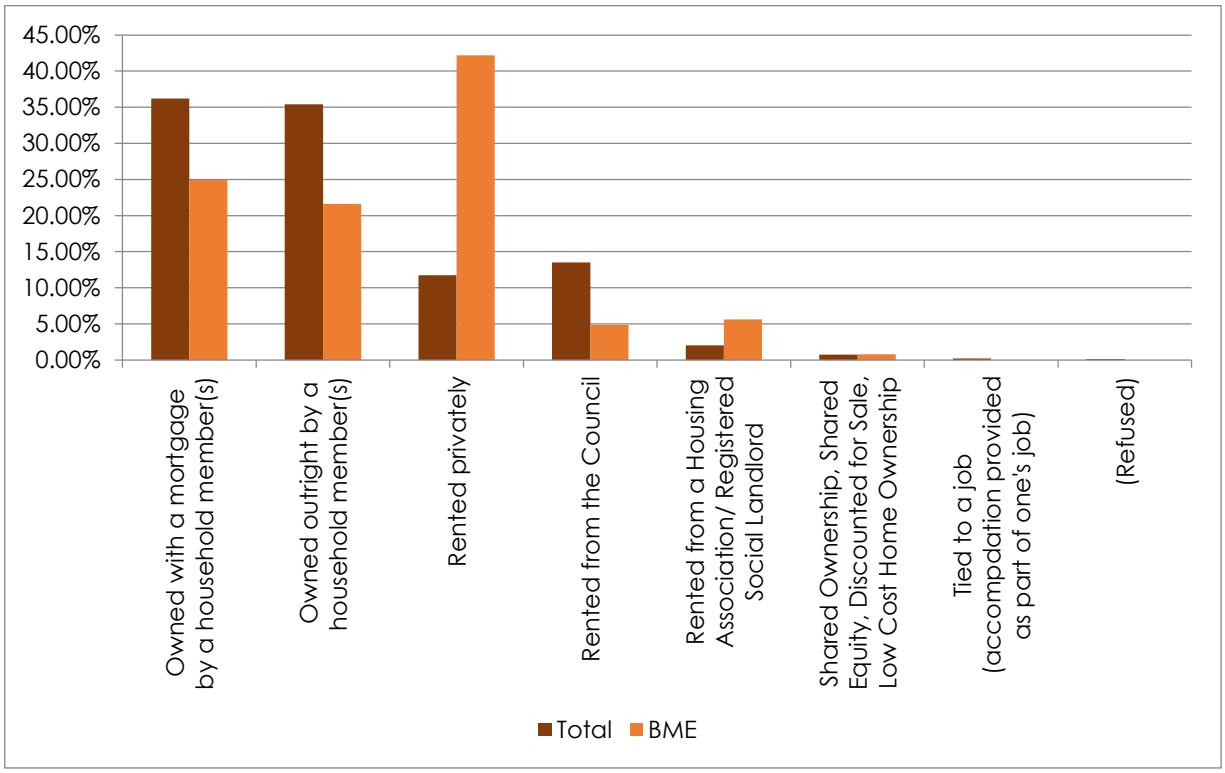
Figure 16 – Property type for BME residents and overall



Property Tenure

1.62 Figure 17 below shows that respondents in BME households are more likely to rent privately (42.2% compared to 11.7% overall). They are significantly less likely to own outright (21.6% compared to 35.4%) and also less likely to own with a mortgage (24.9% compared to 36.2%), and rent from the Council (4.9% compared to 13.5%).

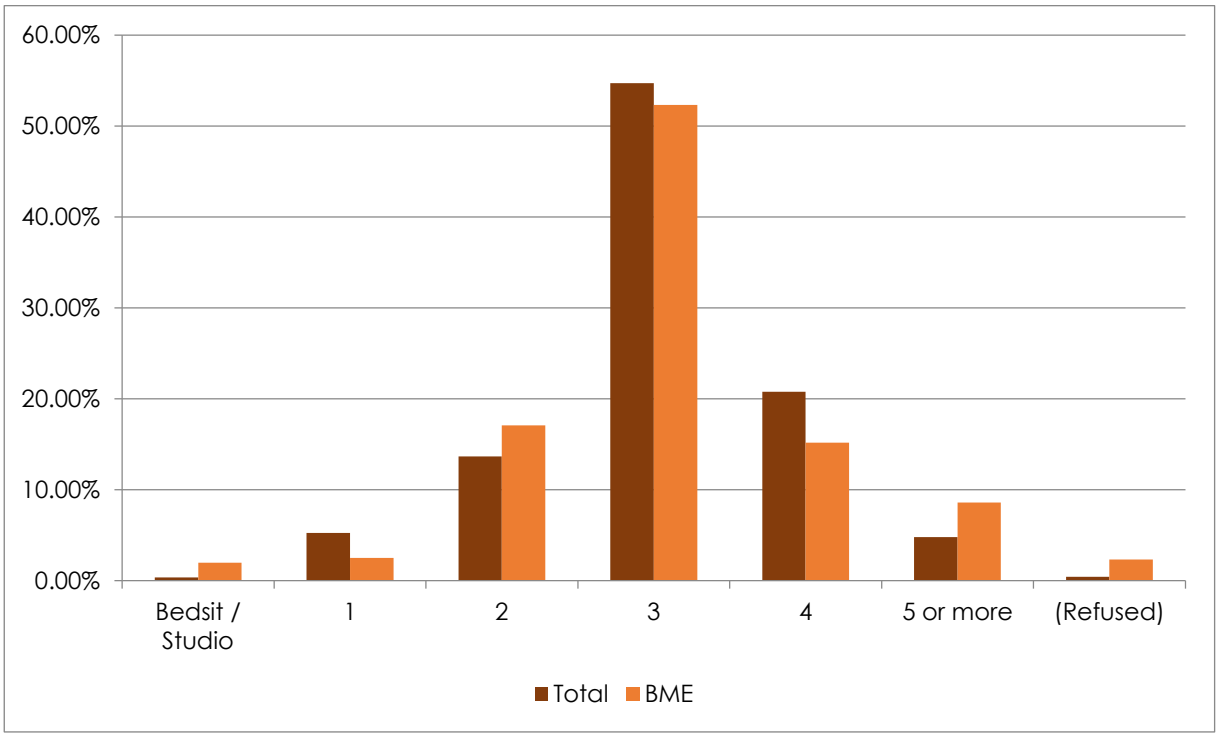
Figure 17 – Tenure for BME residents and overall



Property Size

1.63 Figure 18 below shows that respondents in BME households are slightly more likely to live in a 2 bedroom property (17.1% compared to 13.7% overall), as well as less likely to live in a 3 bedroom property (52.3% compared to 54.7% overall), and 4 bed property (15.2% compared to 20.8%). They are also less likely to live in a 1 bedroom property (2.5% compared to 5.2%), but more likely to live in a 5 or more bed property (8.6% compared to 4.8%).

Figure 18 - Household Size for BME residents and overall

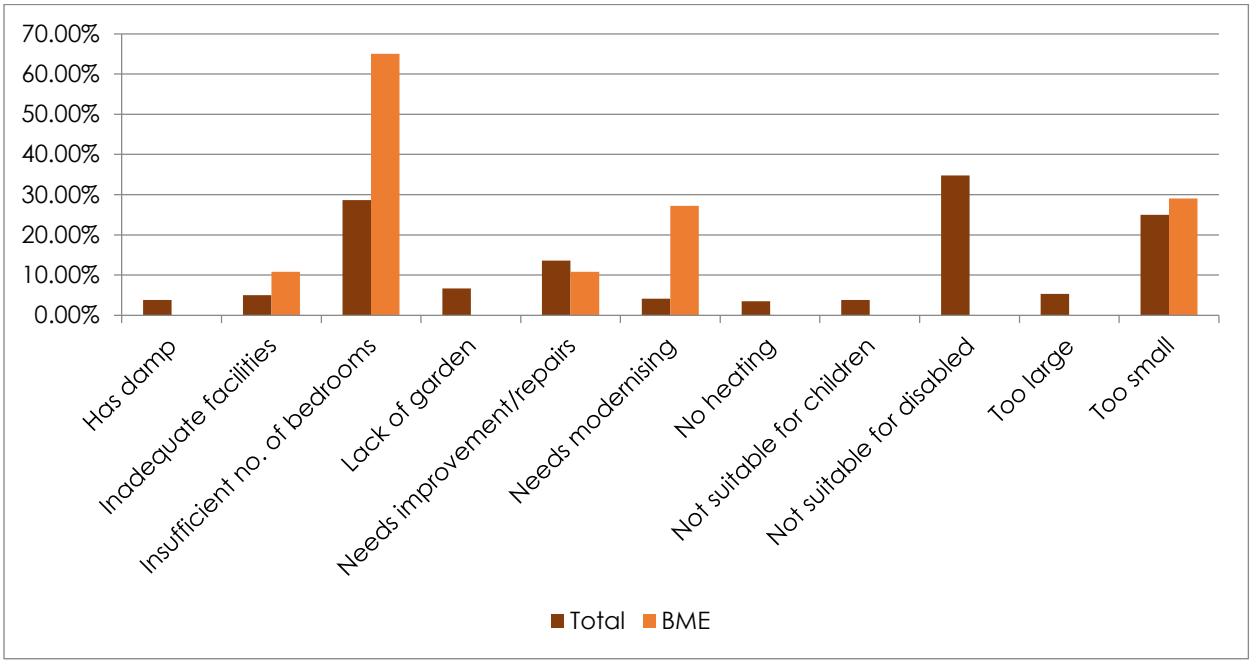


Adequacy

1.64 When asked whether their current home is adequate for their needs, a lower proportion of respondents in a BME household (4.4%) responded 'no' compared to all respondents (5.4%). Figure 19 shows that there are significant differences in the reasons behind these responses. The most striking difference is that 65.1% of BME residents find their home inadequate owing to an insufficient number of bedrooms, compared to only 28.7% overall. This is potentially linked to issues surrounding overcrowding, and may also reflect the tendency for certain ethnic groups to live in multi-generational households.

1.65 Further differences are evident in the need for modernising (27.2% of BME residents compared to 4.2% overall), not suitable for disabled (0.0% for BME compared to 34.7% overall), as well as minor differences across all categories.

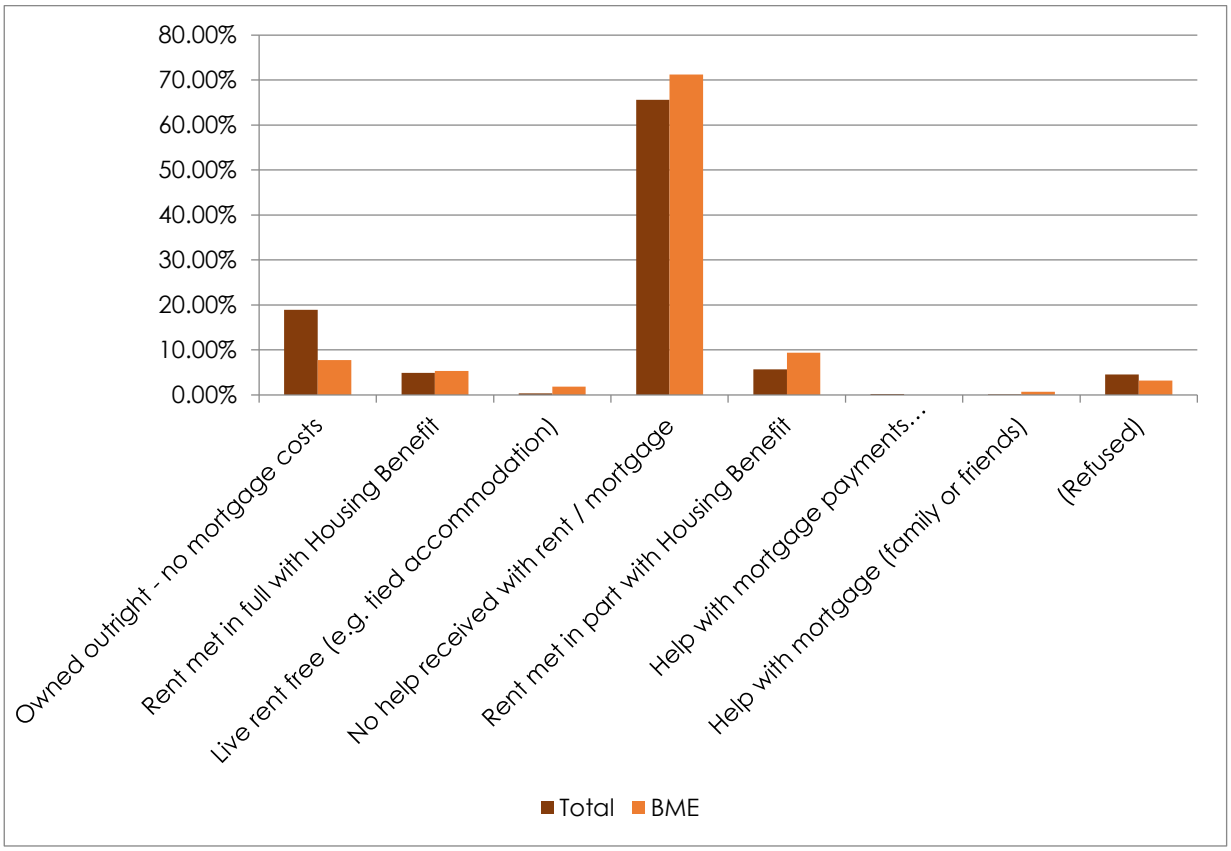
Figure 19 – Reasons for inadequacy of home for BME residents and overall



Affordability

1.66 Figure 20 shows that a lower proportion of respondents in BME households own their house outright. Respondents in a BME household are also more likely to receive help with their rent, in the form of Housing Benefit, or be living rent free. Interestingly, they are also more likely to not receive help with their rent at all (71.3% compared to 66.6% overall).

Figure 20 - Help received with housing costs



1.67 Table 16 shows that respondents living in a BME household show a similar proportion that are 'very concerned' about meeting their housing costs (4.9% of BME respondents compared to 4.0% overall)'. BME household respondents are more likely to be 'fairly concerned' about meeting their housing costs (32.0% of BME respondents compared to 17.1% overall) and 'not really concerned' (33.1% of BME respondents compared to 21.4% overall). BME households respondents are also considerably less likely to be 'not concerned at all' (25.1% of BME respondents compared to 50.1% overall).

Table 16 – Concern with meeting housing costs

Level of Concern	Total	BME
Very concerned	4.01%	4.91%
Fairly concerned	17.07%	31.96%
Not really concerned	21.44%	33.12%
Not concerned at all	50.13%	25.07%
(Refused)	7.35%	4.95%

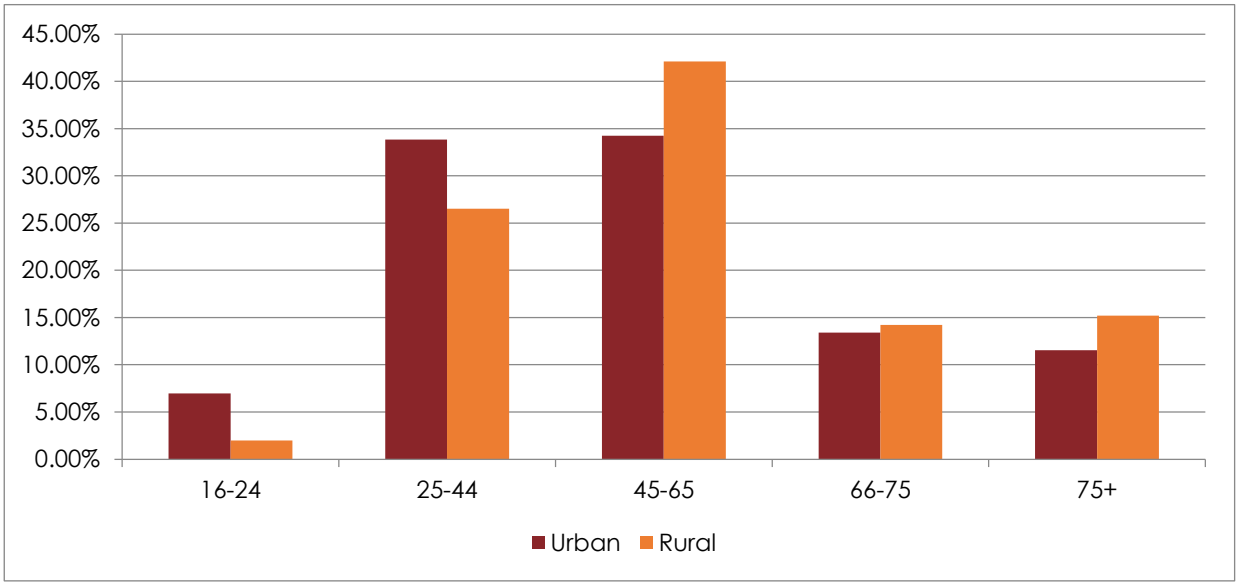
Rural Households

1.68 The HNS was undertaken across all Gravesham wards, using a weighted sampling approach to replicate the demographic profile of the Borough. Comparative analysis between rural and urban areas has been undertaken by assigning each ward with rural or urban status. The main rural wards in Gravesham have been identified as Higham, Istead Rise, Meopham North, Meopham South and Vigo, and Shorne, Cobham and Luddesdown. All other wards are defined as being urban in the context of this analysis.

Sample

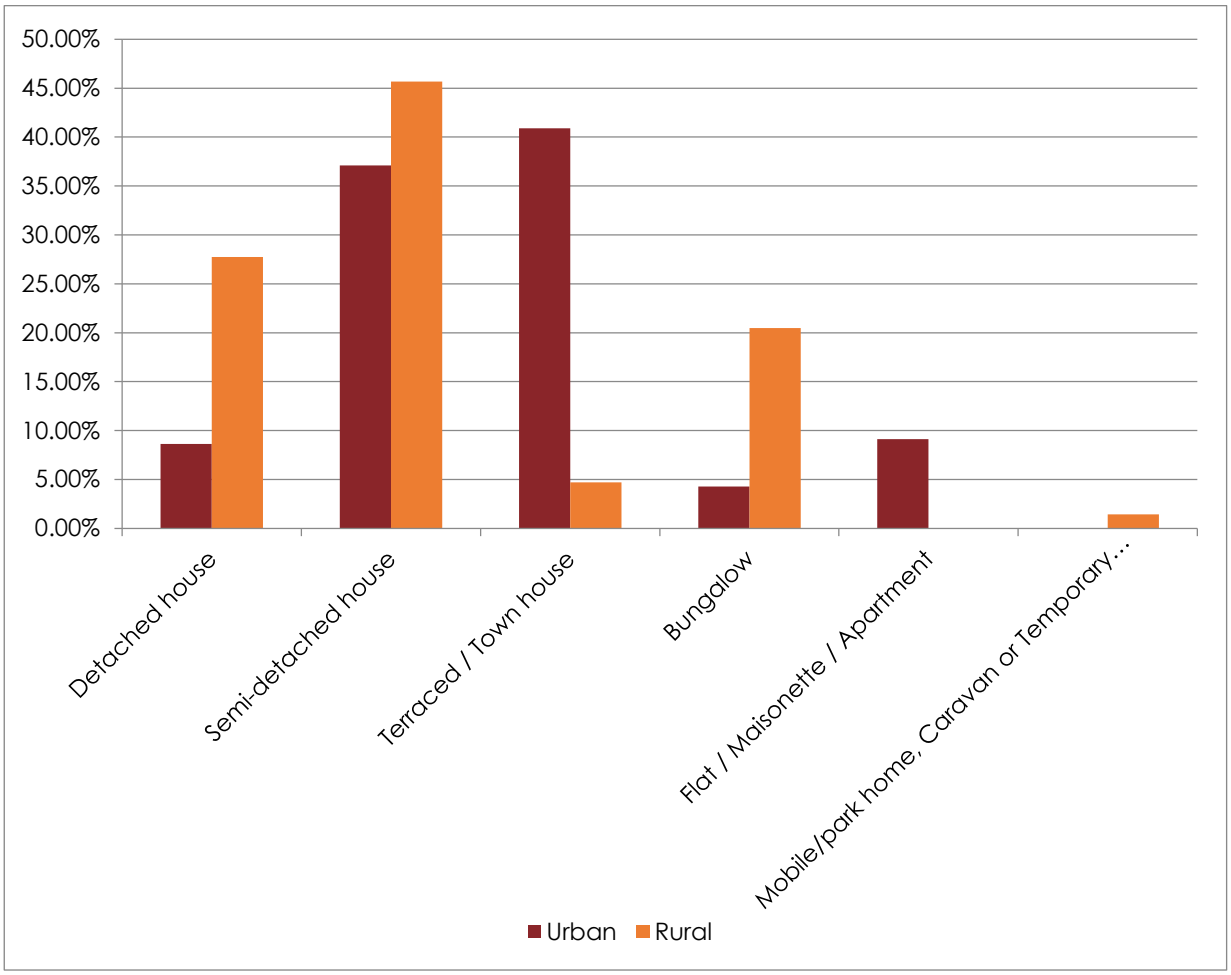
1.69 Figure 60 below shows a higher proportion of older age group (45+) respondents in rural locations, when compared to urban areas. The most significant differences are within the 25-44 age group (33.9% of urban respondents and 26.5% of rural respondents) and the 45-65 age group (34.3% of urban respondents and 42.1% of rural respondents).

Figure 60 - Age Group by rural and urban locations



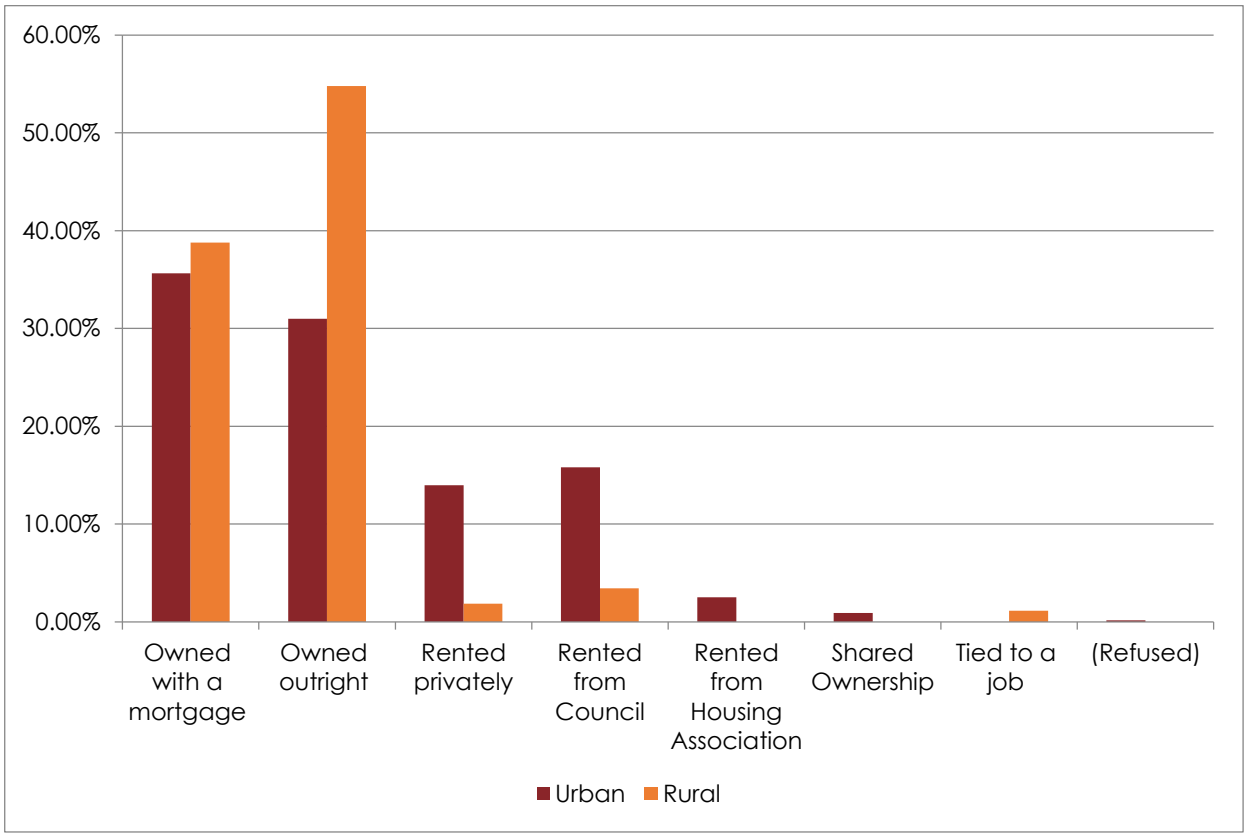
1.70 Figure 61 below shows that a higher proportion of rural respondents are living in detached, semi-detached and bungalow housing, and a lower proportion of rural respondents are living in terraced houses and flats. The most significant difference is within terraced stock, with 40.9% of respondents occupying this stock in urban areas, and 4.7% of respondents occupying this stock in rural areas.

Figure 61 – Property type by rural and urban locations



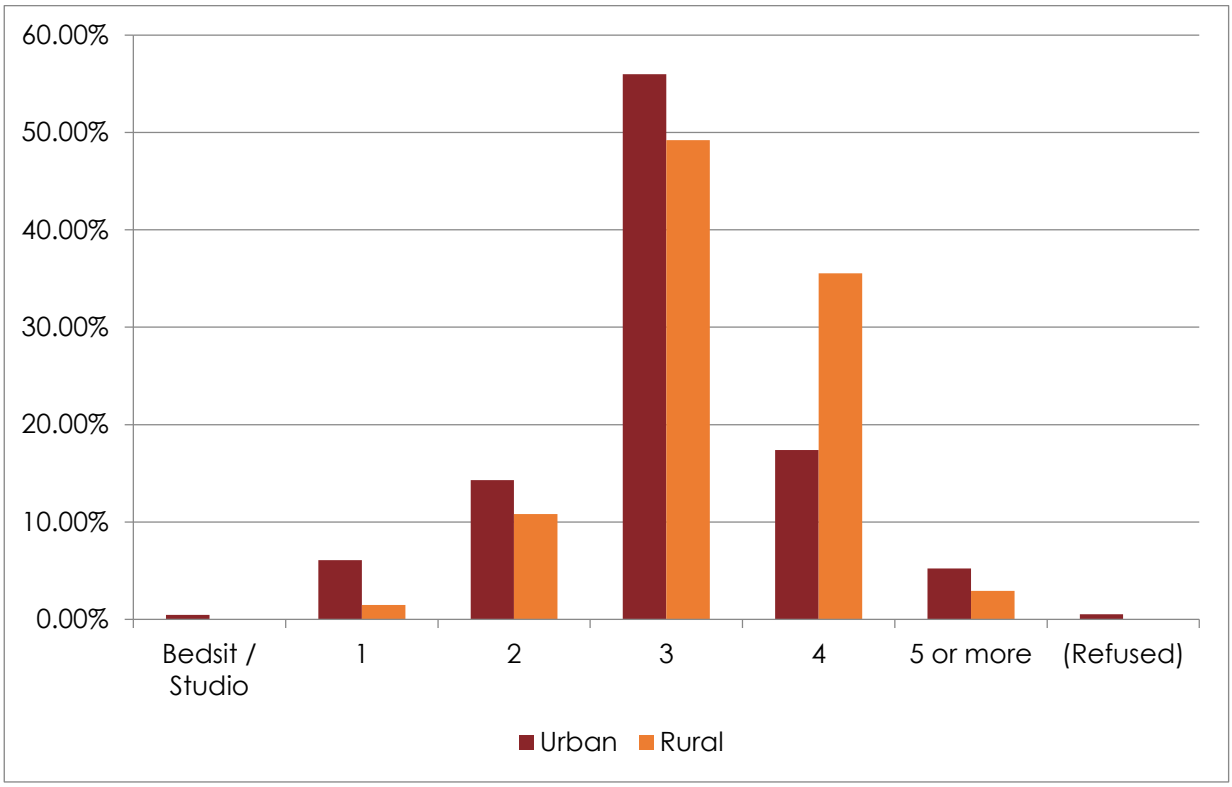
1.71 Figure 62 shows that there are higher proportions of home ownership (both with and without a mortgage) for respondents in rural areas, and higher proportions of privately rented and affordable tenures for respondents in urban areas. The most significant differences are amongst households who own their property outright (31.0% of urban respondents and 54.8% of rural respondents), households that rent privately (14.0% of urban respondents and 1.9% of rural respondents), and households that rent from the Council (14.0% of urban respondents and 2.4% of rural respondents).

Figure 62 – Tenure by rural and urban locations



1.72 Figure 63 below shows that respondents in rural areas have a significantly higher proportion of 4 bed properties (35.5% compared to 17.4%) than respondents in urban areas. Urban respondents have higher proportions across all other stock sizes.

Figure 63 - Household Size by rural and urban locations



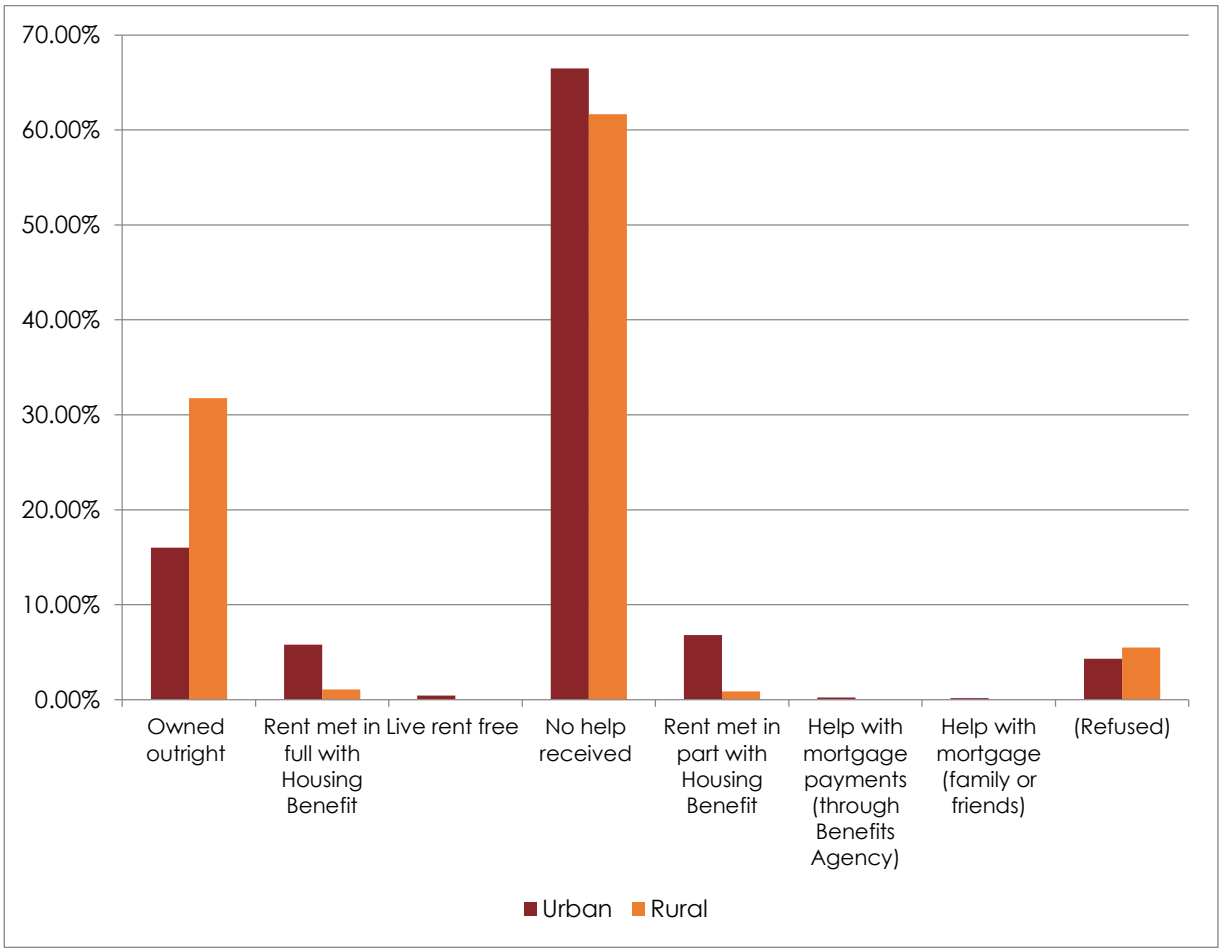
Adequacy

1.73 When asked whether their current home is adequate for their needs, a lower proportion of rural respondents (1.5%) responded 'no' compared to urban respondents (6.3%). It should be noted however, that this equates to 1 respondent in rural locations who deemed there current accommodation inadequate. Because of this low sample, we are able to compare the reasons why rural and urban households find their home inadequate. The different in percentage however is significant, suggesting potentially lower housing need in rural areas compared to urban areas.

Affordability

1.74 Figure 64 shows that that a far higher proportion of respondents living in rural areas own their home outright (with no mortgage costs). Rural respondents are also less likely to receive help towards their housing costs (rent/mortgage) through housing benefits, or from family and friends.

Figure 64 - Help received with housing costs



1.75 Table 117 shows that respondents living in rural areas are less likely to be 'very concerned' (0.8% compared to 4.5%) or 'fairly concerned' (12.2% compared to 17.8%) with meeting their housing costs. Respondents living in rural areas are also more likely to be 'not concerned at all' (48.0% compared to 64.6%).

Table 117 – Concern with meeting housing costs

Level of Concern	Urban %	Rural %
Very concerned	4.48%	0.79%
Fairly concerned	17.79%	12.22%
Not really concerned	23.31%	8.92%
Not concerned at all	47.97%	64.63%
(Refused)	6.44%	13.45%

Conclusion

1.76 This analysis of the key findings from the Gravesham HNS highlights the following key trends:

Housing Needs

- 5.4% of respondents feel that their household is not adequate for their needs. The most commonly cited reason is that it is 'not suitable for disabled people' (34.7%), followed by 'insufficient number of bedrooms' (28.7%) and 'house too small' (25.0%), Another popular reason was the need for home improvement/repairs (13.6%). This identifies a potential misalignment in the current size specific stock distribution compared to residents' size needs.

- 4.7% of respondents reported that they need (as opposed to just want) to move. Of this sample, 27.7% are unable to do so, with the main barrier being affordability issues.

Moving Aspirations

- The majority of respondents who need to move to a different home indicated they are likely to move to Gravesend (52.1%). Following this, Dartford is the most popular destination, identified by 8.9% of respondents.

- The highest proportion of respondents needing to move, indicated they are likely to move into a semi-detached house (30.4%) or a bungalow (22.8%).

- The highest proportion of respondents needing to move indicated they are likely to move into a three bedroom property (38.6%), followed by a one bedroom property (22.8%).

- The highest proportion of respondents needing to move, indicated they expect to own/buy with a mortgage (32.9%), followed by 21.3% who expect to rent from the Council.

Affordability

- A total of 11.0% of respondents receive some help with their housing costs; the majority of which constitutes receiving housing benefits to help meet rental costs.

Emerging Households

- 24.4% of respondents indicated one or more members of their household are likely to set up their own home in the next 5 years. Of these households, 84.8% are expected to be formed by adult children living at home with their parents.

- Respondents indicated that the majority of households expected to emerge in the next 5 years are within the 25-44 age bracket (75.8%), followed by the 16-24 age bracket (19.0%).

- Respondents indicated that the majority of households expected to emerge in the next 5 years are expected to be either couples (28.1%) or single (26.1%).

- Respondents indicated that the majority of households expected to emerge in the next 5 years are expecting to own or buy their property with a mortgage (46%), followed by 38% who do not know what tenure their household will have, 6% who expect to rent privately from a landlord / agency, and 1% who expect to rent from the Council.

Disability, Adaptations & Care

- Respondents indicated that the most common disability amongst adults is 'physical disability' (64% of households), with 16% being wheelchair users, and 48% not using wheelchairs. The vast majority of households with a disabled member have no special adaptations, indicating a potential unmet housing need.

Older Person Households

- 36.9% of respondents indicated someone living in their households is aged 60 or over. The vast majority of these households live in homes that have not been specially adapted to accommodate the potential needs of this age group. This indicates a potential unmet housing need.

- Respondents indicated that the substantially most popular housing option for older people is remaining in their current home with support. The least popular options are extra care, in particular rented or shared ownership options which no respondent would consider. This may have implications for supporting the flexibility and adaptability of future homes to facilitate receiving in-home care and support.

BME Households

- Respondents living in BME households indicated a higher proportion of private renting, compared to the general survey sample including all respondents. BME households are also significantly less likely to own their property and rent from the Council.

- Respondents living in BME households indicated a slightly higher proportion of occupation of 2 bedroom and 5 or more bedroom properties.

- A lower proportion of BME respondents indicated they feel their home is inadequate. There are significant differences in the reasons behind this response when compared to the wider population. The most striking difference is that 65.1% of BME respondents find their home inadequate owing to an insufficient number of bedrooms, compared to only 28.7% overall. This is potentially linked to issues surrounding overcrowding, however it could also reflect the tendency for certain ethnic groups to live in larger multi-generational households.

- Further differences are evident in the need for modernising (27.2% of BME residents compared to 4.2% overall), not suitable for disabled (0.0% for BME compared to 34.7% overall), as well as minor differences across all categories.

- Respondents in BME households are also more likely to receive help with their rent, in the form of Housing Benefit, or living rent free, and are more likely to be concerned to some degree with their housing costs, when compared to all households in the sample.

Rural Households

- A lower proportion of respondents living in rural areas indicated that their home is not adequate for their needs (1.5%) when compared to urban respondents (6.3%).

- Respondents living in rural areas indicated they are less likely to receive help towards their housing costs through housing benefit, or from family and friends. This could suggest that rural households have less acute affordability issues. Respondents living in rural areas also indicated they are less likely to be 'very concerned' about meeting their housing costs (0.8%) compared to urban respondents (4.5%), and more likely to be 'not concerned at all' (64.6%) compared to urban respondents (48.0%). This suggests rural households have less acute affordability issues.

1.77 This analysis sets out the key housing findings based on the raw HNS data. It is incorporated throughout the SHMA report to supplement and add additional insight into the current and likely future housing issues for residents in Gravesham. The implications of the HNA survey findings are detailed within the relevant sections of the SHMA.

Appendix IV
Gravesham Housing Register Band Definitions

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Gravesham Housing Register Band Definitions

Band A:

- Homeless households owed the main re-housing duty by Gravesham Borough Council placed in Bed & Breakfast or short term temporary accommodation where the only prospect of meeting the households' needs is in permanent accommodation in the social housing sector (e.g. the applicant has severe medical, disability or vulnerability needs);
- Households lacking 2 or more separate bedrooms and sharing facilities (kitchen, toilet, bathroom) with others who are not part of the applicants household;
- High medical priority, which is awarded by either the Joint Stock Referral Process, the Operations Manager (Needs and Improvements), or the council's medical advisor, where the current housing conditions are having a major adverse effect on the medical condition of the applicant (or a member of the applicant's household) so as to warrant 'emergency' priority;
- Applicants living in Council or Housing Association accommodation within the Borough who are under- occupying family sized accommodation by two bedrooms or more. For example a couple living in a three bedroom property who wish to downsize to a one bedroom home;
- Transfer applicants within the Borough who are in need of a permanent move because their property is imminently required for essential works (and the tenant cannot remain in the property whilst these works are carried out) or for redevelopment by one of the Council's development partners;
- Releasing disabled-adapted Council or Housing Association accommodation in order to make best use of adapted stock, and where the current tenant does not require these adaptations;
- Priority transfer from Council or Housing Association accommodation. Will only be agreed in exceptional circumstances where it can be evidenced that there are significant and insurmountable problems associated with the tenants occupation and there is an imminent personal risk to the applicant (or a member of the applicant's household) if they remain;
- Where there is a re-housing obligation because a demolition or prohibition order has been made in respect of the applicant's current accommodation within the Borough;
- Applicants approved by the Operations Manager (Needs and Improvements) requiring a move through the National Witness Mobility Program;
- Where there are Category 1 hazards under the Housing Health and Safety Rating System that involve an imminent risk of harm to the occupants and the landlord is unable to remedy the defects to the property within a reasonable period of time as specified by the Private Sector Housing team;

- To release properties located on a site owned by the Council or Housing Association partner scheduled for redevelopment, which would otherwise prevent redevelopment taking place. To be approved by the Operations Manager (Needs and Improvements) or Assistant Director (Housing).

Band B:

- Households lacking 2 or more separate bedrooms (see section 13) or if the property is statutorily overcrowded (as defined by the Housing Act 1985 (as amended));
- Households lacking 1 or more separate bedrooms and sharing facilities (kitchen, toilet, bathroom) with others who are not part of the applicants household.;
- Medium medical priority for re-housing where the current housing conditions are having an adverse impact on the medical condition of the applicant (or a member of the applicant's household) so as to warrant 'urgent' priority.;
- Where there are Category 1 hazards under the Housing Health and Safety Rating System (and there is no imminent risk of harm to the occupants) however, the property is deemed to be unsuitable for human habitation and the landlord is unable to remedy the defects to the property within a reasonable period of time as specified by the Private Sector Housing team.;
- Applicants who have been registered as regularly rough sleeping, for a period of at least 3 months, with an appropriate agency and/or charity but not otherwise assessed as being in priority need for housing within the definition of the homelessness legislation;
- Applicants urgently needing to move-on from supported housing located within the Borough; or applicants displaced from the Borough urgently needing to move-on from supported housing located outside of the Borough. In both cases this must be as part of a move-on care plan previously agreed between the Council and the supported housing provider;
- Severe need – exceptional circumstances and/or multiple needs, which warrant high priority – can be approved only by Operations Manager (Needs and Improvements);
- Applicants living in Council or Housing Association accommodation within the Borough who are under- occupying by one bedroom. For example a household occupying a three-bedroom property with a two bedroom need can be considered for a two bedroom property, or a household occupying a two bedroom property with a one bedroom need can be considered for a one bed property;
- Occupiers of Council property who do not have the Right of Succession and have been left in occupation upon the tenant's death. This band will be awarded at the discretion of the Assistant Director (Housing); and
- Council employees living in staff accommodation that has been provided for the better performance of their duties, who will be required to vacate their current 21 accommodation due

to retirement, early retirement due to ill health, or redundancy and have been in the Council's full time employment for a minimum of five years.

Band C:

- Households lacking one separate bedroom;
- Low medical priority for re-housing where the current housing conditions are having a negative impact on the medical condition of the applicant (or a member of the applicant's household) so as to warrant priority;
- Applicants with a need to move for welfare or social reasons where failure to meet that need would result in hardship either to themselves or others.;
- Homeless households owed the main re-housing duty and those assessed as being threatened with homelessness by the Council. The applicant may be awarded a higher band at the discretion of the Housing Operations Manager (Needs and Improvements) in order to secure the effective management of temporary accommodation;
- Households sharing facilities (kitchen, toilet, bathroom) with others who are not part of the applicant's household.

Band D:

- New home seekers without prioritised housing need factors as set out in Band A to C. Cases that have a need to move and fall in to a reasonable preference but have had their priority reduced